

[For immediate release]

24 August 2018



**Yuzhou Properties Company Limited (01628.HK)**

**2018 Interim Results Announcement**

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**Gear up for Challenges, Guard against Risks**

**Revenue Growth by 28% YoY, Net Profit enjoy a huge Surge by 84%**

**Financial Highlights:**

1. At as 30 June 2018, contracted sales achieved RMB21,494.23million, and contracted sales area was RMB1.58 million sq.m..
2. Revenue was RMB9,242.62 million, increased by 27.54%.
3. Gross profit was RMB2,914.09 million, representing an increase of 22.03% year-on-year. Gross profit margin was 31.53%, remaining at a relatively high level in the industry.
4. Net profit amounts to RMB1,390.65 million, increased substantially by 83.45%. Net profit margin was 15.05%.
5. Core profit attributable to owners of the parent rose by 25.90% to RMB1,158.06 million. Basic earnings per share grew by 16.67% to RMB0.28.
6. Interim dividend of HK11 cents was proposed; payout ratio was 34.85%.
7. Cash and cash equivalents (including restricted cash) reached RMB25,087.29 million (Dec 31 2017: RMB17,498.21 million).
8. At as 30 June 2018, net gearing ratio was 62.96%, remaining at relatively low in industry.
9. Weighted average finance cost was 6.52% with enhanced financing flexibility attributable to multiple financing channels.

(24 August 2018, Hong Kong) One of China's top 40 real estate enterprises, **Yuzhou Properties Company Limited** (“**Yuzhou Properties**” or the “**Company**”; Stock code: **01628.HK**) today announced the consolidated results of the Company and its subsidiaries (the “**Group**”) for the six-month period ended 30 June 2018 (the “**Review Period**”).

During the first half of 2018, the long- and short-term “precise regulation” still served as the main driver to lead China's property industry to a healthy and stable development. While continuing the efforts in “destocking”, a few number of cities also launched new household policy to attract talents, expanded and implemented the medium- and long-term supply-side reform, and gradually unlocked the demand for residential purchase. In line with the national and industry development trends, Yuzhou Properties upheld the “Nationwide Cultivation with Regional Expansion” strategy and achieved encouraging sales performance in a number of cities, such as Hangzhou, Suzhou, Hefei and Nanjing. For the Period, the contracted sales of the Group was approximately RMB21,494.23 million, which is in line with the projected launching split of 35% in the first half and 65% in the second half. With sufficient supply, the Group is confident to achieve the full year contracted sales target of RMB60 billion. During the Period, the gross profit of the Group was RMB2,914.09 million, a rise of 22.03% year-on-year. The gross profit margin was 31.53%, remaining at a relatively high level in the industry.

### **Expanded nationwide coverage, maintained sufficient land reserve for RMB100 billion journey**

Yuzhou Properties has expanded in Yangtze River Delta Region, Bohai Rim Region, West Strait Economic Zone, Central China Region, Southwest Region, the Guangdong-Hong Kong-Macao Big Bay Area, while extensively intensifying its development in the first- and second-tier cities and expanded to the surrounding third- and four-tier cities. With a focus on expansion, the Group has acquired substantial land resources through merger and acquisition (“M&A”) and obtained 16 quality land parcels in the first half of 2018. In early 2018, the Group has entered into an agreement with Coastal Greenland Limited (01124.HK) for the purchase of 7 quality projects at a consideration of RMB3.8 billion. As such, our footprints further expanded into a few first- and second-tier core cities including Beijing, Shenyang and Foshan. These M&A projects have provided sufficient land reserve for the Group to achieve its RMB100 billion contracted sales target. Also, the projects acquired have increased

the recurring income for the Group owing to their premier geographic locations and affluent congregation of products mix. In May, Yuzhou and China Aerospace Construction Group Company reached a Strategic Cooperation Framework Agreement for the cooperation on the first “Aerospace Smart Technology City” project in China. As one of the strategic development directions of the Group in future, it will focus on the development of smart tech cities. Capitalizing on the synergies brought about by the cross-sector model featuring “industry + technology”, the Chengde Aerospace Smart Town project with an area of 4,000 mu will be the first military-civilian co-built center in China for integrating and displaying the development and achievements of aerospace technology upon its completion. Upholding the development philosophy of “focus on in-depth development in the city we entered”, Yuzhou Properties will veil eight projects in Suzhou in the second half, which represents one step closer to achieving the Group’s strategic development goal, “Create new values for urban development with joint efforts”. As at end of June, Yuzhou Properties’ coverage has been expanded to 25 cities across the country, with a total land reserve of over 17.25 million sq.m. and over RMB300 billion salable resources. The Group is on the right track to its journey of RMB100 billion.

### **Explored new income sources with diverse business, ensured robust development with stable financial position**

The revenue of the Group mainly derived from four business categories, including property sales, rental of investment properties, property management and hotel operation. For the six-month period ended 30 June 2018, the total revenue of the Group was a record high RMB9,242.62 million, up by 27.54% 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 during the Period. Specifically, property sales revenue was approximately RMB8,972.99 million, up by 27.32% compared to the corresponding period last year, accounting for 97.08% of the total revenue; rental income from investment properties was approximately RMB102.19 million, up by 42.58% compared to the corresponding period last year, mainly due to the rise in rental area and rental rate of the properties. For commercial investment, Yuzhou Commercial Company currently has 27 projects in preparation or operation in Shanghai, Xiamen, Hefei, Quanzhou, Nanjing, Wuhan, Hangzhou, etc., with a total commercial area of more than 2 million sq.m.. Supported by a professional management team with 534 talents, it has a variety of commercial offerings

covering shopping malls, office buildings, street malls and other business formats; property management fee income was approximately RMB158.31 million, up by 35.18% year-on-year; and hotel operation income was approximately RMB8.64 million. The Group expects to increase the income sources through enhancement of its brand image.

While maintaining a rapid growth, Yuzhou Properties is always committed to pursuing a prudent financial policy and striking a balance between development, profit and debt, so as to support its sustainable development. Yuzhou Properties exhibited resilience to risks in stable financial management and business operation. In the first half of 2018, Yuzhou Properties captured the window period for financing and stayed competitive amidst an environment with increasing industry concentration thanks to its diverse financing channels and low financing costs. During the first half of 2018, Yuzhou Properties raised an aggregate of US\$1 billion by issuance of offshore senior notes; Yuzhou Properties has always maintained diversified and flexible overseas and domestic financing channels, and maintains strategic partnership with a number of major domestic banks at the head office level. At the same time, the Group proactively explores and tries to adopt new financing channels such as asset securitization. Under the circumstances of credit tightening and industry differentiation, the Group will better prepare itself and its financing strategy will continue to escort for the Group's sustainable and steady development.

### **Created high-quality residence with craftsmanship**

Over the years, the Group has been striving to create quality products that inherit Yuzhou's gene to win customers' hearts, and to launch premier and innovative best-selling products to the market. The Group applied the standard for three residential product lines, "Honor", "Langham" and "Royale", and exercised stringent costs control while maintaining product quality. In the first half, Yuzhou Riverside City Town and Yuzhou Wujiang Shengze Project were awarded the Xiamen Construction Gulang Cup (City Quality Construction Silver Award) and the 2018 Most Reputable Property in Suzhou respectively. To cope with the robust demand of first-time buyers and first-time upgraders, Yuzhou Properties' products are customized based on four major aspects, i.e. comfortability, health, intelligence and safety. Hangzhou-Riverside Sapphire, Hefei Yuzhou Moon Lake Mansion, Shanghai Beautiful Garden Life and many other projects have perfectly interpreted Yuzhou Properties' understanding on culture, art and life aesthetic.

**Strengths were well-recognized; the Primary Shareholder expressed optimism about its future by increasing shareholding in the Company**

Owing to its impeccable performance, Yuzhou Properties was selected as a constituent share of the Hang Seng Composite LargeCap & MidCap Index and became an eligible stock for the Shanghai-Hong Kong Stock Connect in March. In May, it was selected as a constituent stock of the MSCI China Index, becoming one of the few property stocks to be admitted into the MSCI China Index, indicating that Yuzhou Properties is widely recognized by the capital market, which also expands the internal and external investment channels and increases transaction volume for the Group. In June, Mr. Lam Lung On, J.P., Chairman of the Board of Directors increased his shareholding by further acquiring a total of 900,000 shares of the Company from the secondary market, showing his confidence in the Company's overall development prospects and growth potential.

**Mr. Lam Lung On, J.P., deputy to NPC, founder of Yuzhou Properties and Chairman of the Board of Directors**, said, "Yuzhou Properties always uphold principle of 'nationwide cultivation' and adheres to the strategy of "focus on in-depth development in the city we entered". Through establishing a rigorous cost management and increasing premium rates by product improvements, it has effectively achieved a sustainable growth with high profit margin. While keeping the profit margin at a high level, it also strives to strengthen the cash flows and actively controls the gearing ratio and finance costs, so that the balance sheets can be maintained within the healthy range. Its excellent financial condition has empowered Yuzhou Properties to carry out intensive development in six major metropolitan areas in China, enabling itself to take a steady step forward to realizing the RMB100 billion target. Currently, Yuzhou Properties has over RMB300 billion land reserves. Moving forward, Yuzhou Properties will speed up the M&A progress to lower land costs and ensure future business development, while proactively exploring innovative business development model to create new growth drivers for the Company's development in future and generate greater values for shareholders."

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### **About Yuzhou Properties Company Limited (01628.HK)**

Established in 1994, Yuzhou Properties is a national property developer which headquartered in Shanghai. Adhering to its strategy of Cultivating in Regions Leading the Market, Yuzhou Properties strives to develop residential and commercial properties which focus on in-depth development in first-and second-tier cities. As at 30 June 2018, the Company had over 118 projects under various stages of development in Shanghai, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Huizhou, Hong Kong and so on. The total construction area under construction and held for future development is 17.25 million sq.m. in aggregate GFA, accounting for about 41.8%, 24.1%, 21.6%, 5.8%, 4.0% and 2.7%, respectively in the Yangtze River Delta Region, Bohai Rim Region, West Strait Economic Zone, Central China Region, southwest Region, the Bay Area. Renowned for its distinguished 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 selected as the Hang Seng Composite LargeCap & MidCap Index Constituent Stocks, Shanghai-Hong Kong Stock Connect, and becomes constituent of MSCI China Index.

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

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