

禹洲地產股份有限公司 YUZHOU PROPERTIES COMPANY LIMITED

01628.HK

25 再为发

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司) Stock Code 股份代號:01628.HK

砥礪十春秋•**廿五** 再出發 Ten years of endeavor *A QUARTER CENTURY* of legacy

2019

中期報告

Interim Report

砥礪十春秋•**廿五** 再出發 Ten years of endeavor *A QUARTER CENTURY* of legacy

Results Highlights – Leading with Locality Development



Strong Contracted Sales, Abundant Saleable Resource in 2H2019

In 1H2019, contracted sales reached RMB28.5 bn, **increase 32.5% yoy**, accounted for **43%** of the annual target of RMB67 bn

2H2019 total saleable resource amounts to **RMB80 bn**, tier 1&2 cities account for **90%**



Growing Steadily, Maximize the Interests of Shareholders

Net profit attributable to owners increase 23.2% yoy

Net profit attributable to owners margin/Core profit attributable to owners margin were **14.1%/12.0%**

Interim dividend was HK12 cents, special interim dividend was HK3 cents, increase 62.1% yoy.

Dividend payout ratio was 46.81%



Superior and Abundant Land Reserve

Landbank was over **19.18mn sq.m.**, Saleable resource was over **RMB340 bn**

Average land cost was approximately **RMB5,580/sq.m.**

By saleable resource, tier 1&2 cities account for **80.1%.** Areas under development was over **10 mn sq.m.**



Yuzhou Commercials Start Expanding, to Provide Sustainable and Stable Cash Flow

Approximately **30** commercial projects under different stages, including shopping mall, commercial Street, office building and community business, etc. In 1H2019, rental income reached RMB **147** mn, increase **44.4% yoy**



Seize the Opportunity of Fortifying Land Acquisition

In 1H2019, acquired **14 new land parcels** in 9 cities with great opportunities, with **total GFA 2.12 mn sq.m.** and saleable resource amounted **RMB50.3 bn.**

Newly entered 2 cities, the other 12 lands showed our deep cultivation in tier 1&2 cities we have already entered



Diversified Financing Channels, Winning Market's Popularity

Offshore : Issued three tranches of US senior notes in the aggregate principle amount of US\$1.5 bn, with reasonable distribution duration.

Onshore: Issued RMB3.5 bn corporate bonds and RMB644 mn property management ABS

Be included into the list of ICBC headquarter-level clients and realized strategic cooperation

Contents

1. Business and Financial Reviews

證胡明

akeside Langham

H

- 2. Business Operations
- 3. Future Outlook
- 4. Appendix

Business and Financial Reviews



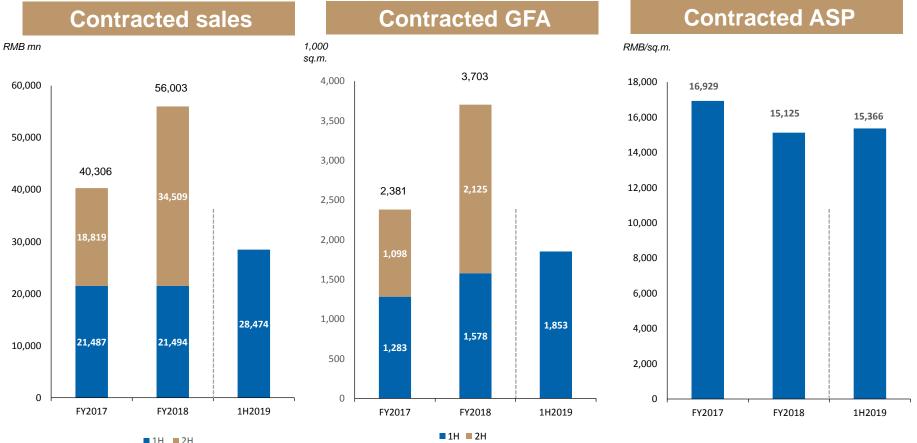
Shanghai Yuzhou Noble Mansion

5

Rapid Contracted Sales Renew the Record



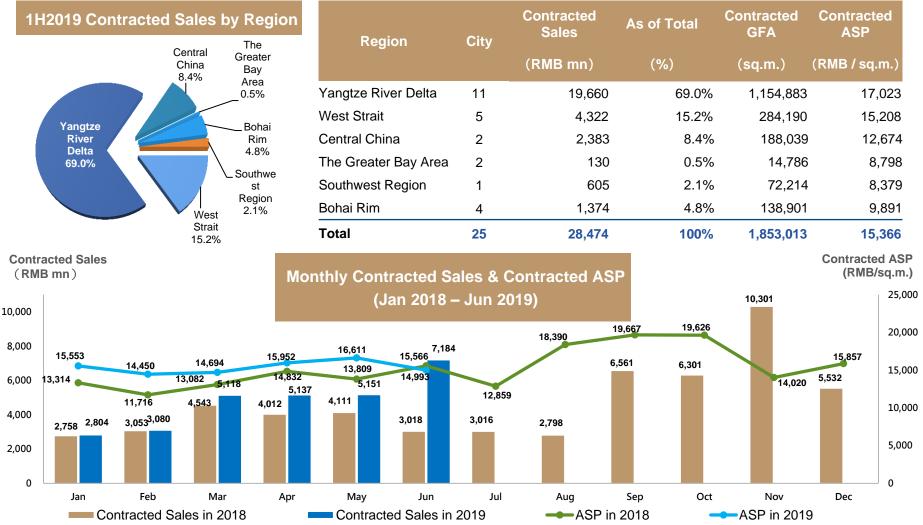
- Contracted sales increased to RMB28,474 mn in 1H2019, strongly increased 32.47% yoy, finished 42.5% of the annual target
- Accelerated sales and actively extended in the tier 1&2 cities and their satellite cities with convenient rail transportation
- ✓ In-demand quality residential products launched in 2H2019, targeting to RMB67 bn sales





✓ In 1H2019, Yuzhou achieved a total contracted sales of RMB28,474 mn; contracted

GFA was 1,853,013 sq.m.; and the contracted ASP was RMB15,366/sq.m.



Sales Highlights — In-Depth Cultivation



✓ By contracted sales in 1H2019, Yuzhou were Top ranked in many major cities.



✓ In 1H2019, many projects sell successful and popular



Opened in June, 122 units sold within the first day



Ranked Top 1 in Suzhou new district by both area and unit



The most customer-favored project, pushed out two more installments, and sold out within 50 minutes.

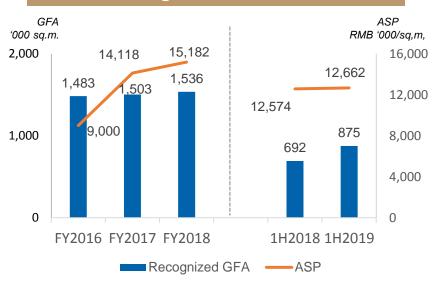
1H2019 Analysis of Recognized Property Sales

<mark>禹洲地产</mark> YUZHOU PROPERTIES ^{股票代码:} 01628.HK

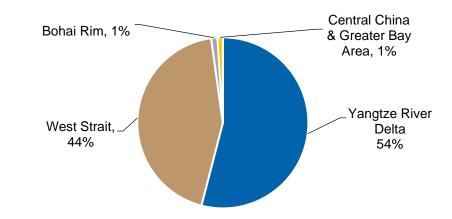
RMB mn 25,000 20,000 14,653 15,000 14,166 10,000 9,327 11,303 5,000 8,973 7,047 4,019 0 FY2016 FY2017 FY2018 1H2019 ■1H ■2H

Recognized Property Sales*

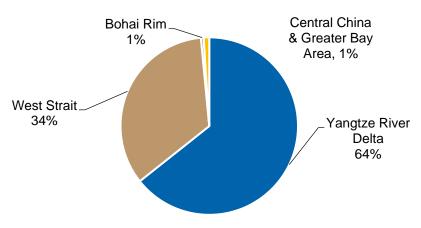
Recognized GFA & ASP



1H2019 Recognized GFA by Region



1H2019 Recognized Property Sales by Region

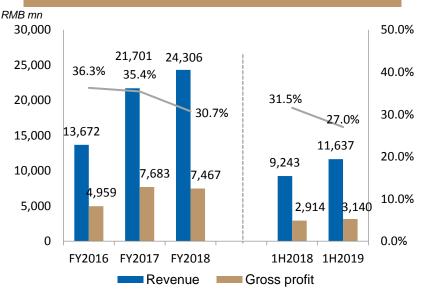


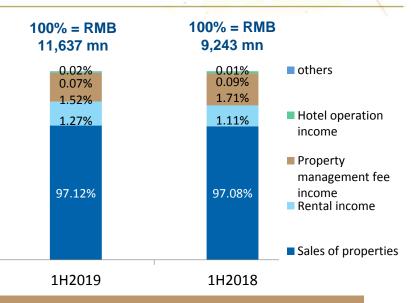
Win-Win of Scale & Profitability

• .

(RMB mn)	1H2019	1H2018	Changes
Sales of properties	11,302.84	8,972.99	+26%
Rental income	147.51	102.19	+44%
Property management fee income	177.13	158.31	+12%
Hotel operation income	8.55	8.64	-
others	1.39	0.51	+175%
Total	11,637.43	9,242.62	+26%

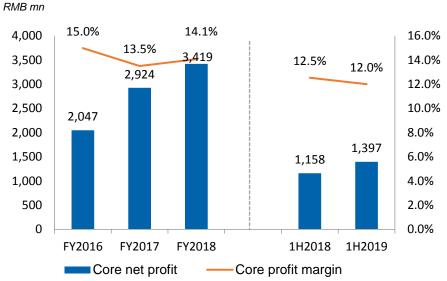
Revenue, Gross profit & Gross profit margin





股票代码: 01628.HK

Core net profit attributable to owners^(a)

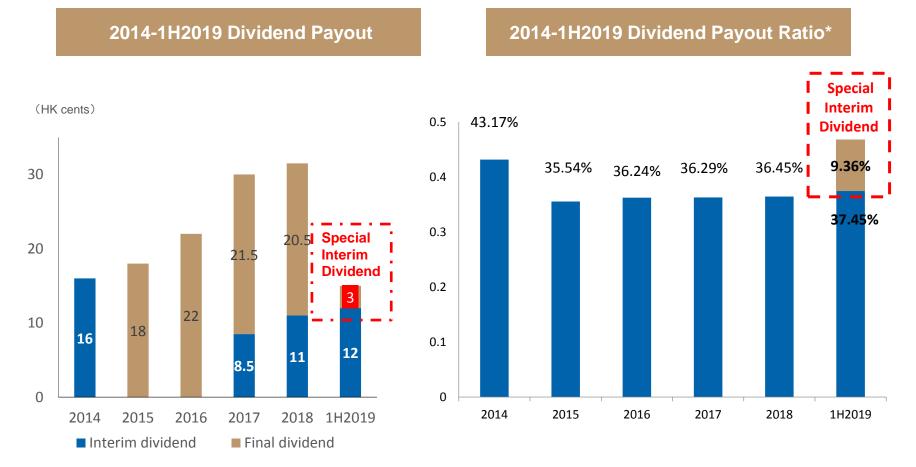


(a) Core net profit is the net profit attributable to owners of the parents adjusted for mainly the after-tax fair value gain/(loss) on investment properties and fair value gain (loss) on derivative financial instruments, exchange differences and unrealized fair value gain arising from remeasurement of equity interests in joint ventures

Steady Growth in Profits, Continuous Return to Shareholders



 Yuzhou has always been committed to sharing the development results with shareholders and investors. In the past 10 years, the company has accumulated a dividend of HK\$2.62 per share, equivalent to 97% of the IPO price of HK\$2.7, providing shareholders with continued retribution.



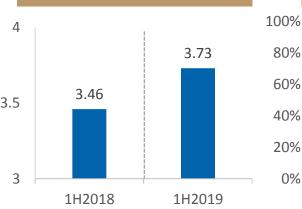
*Dividend payout ratio= Dividend/Core profit attributable to owners of the parent company

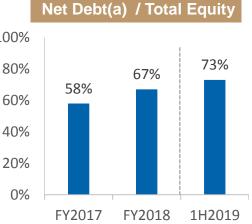
Stable Financial Position & Diversified Financing Channels

- ✓ Sustained a manageable net gearing ratio, with successful financing measures that effectively control the average funding cost
- ✓ Moody's, S&P, Fitch and Lianhe Global retained Ba3、 BB-、 BB- and BB respectively
- ✓ Golden Credit Rating International, China Chengxin Securities Rating and China Lianhe Credit Rating issued
 AA+ rating respectively









*EBITDA = net income + capitalized borrowing cost under cost of sales + finance cost + income tax expense + depreciation + fair value loss on derivative financial instruments - interest income - unrealized fair value gain arising from remeasurement of equity interests of joint ventures

Business Operations

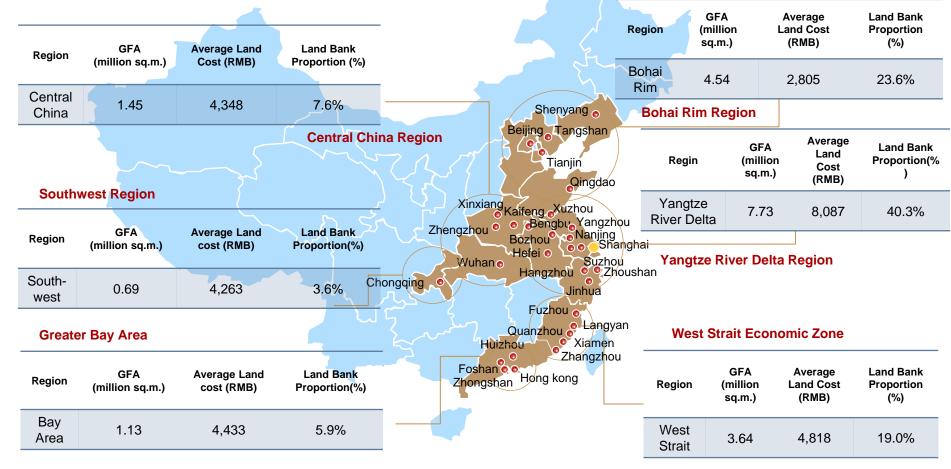
禹洲、朗廷元



Strategic Planning of Land Acquisition at Attractive Value



- \checkmark As of 30 June, cultivating 6 metropolitan areas with a footprint in 30 cities nationwide
- ✓ The land bank was approximately 19.18mn sq.m. with the average land cost of RMB5,580
- ✓ By sellable resource, tier 1&2 cities account for about 80%, while tier 3 cities account for 20%*



*Tier 1&2 cities: Beijing, Shanghai, Hong Kong, Nanjing, Suzhou, Xiamen, Tianjin, Hangzhou, Chongqing, Qingdao, Fuzhou, Hefei, Wuhan, Shenyang, Zhengzhou, Foshan;

Tier 3 cities: Quanzhou, Huizhou, Zhongshan, Tangshan, Bengbu, Jinhua, Yangzhou, Zhoushan, Xuzhou, Longyan, Bozhou, Zhangzhou, Xinxiang, Kaifeng 14

New Landbank in 1H2019

• .



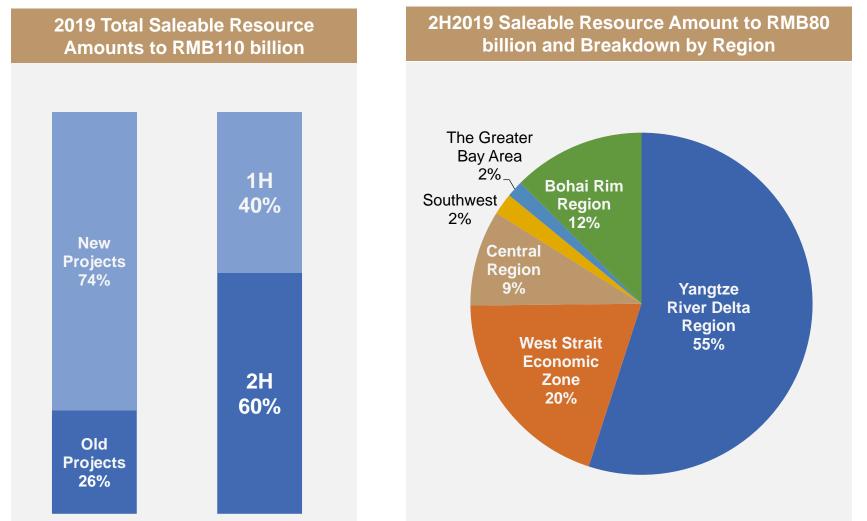
Saleable GFA*	City	Project type	Method ology	%	Site area (sq.m.)	GFA (sq.m.)	Att. GFA (sq.m.)	Total land cost (RMB mn)	Att. land cost (RMB mn)	Avg. land cost (RMB/ sq.m.)	Saleable Resources (RMB mn)
	Qingdao	Resi/Com	Bidding	100%	97,953	156,724	156,724	731	731	4,662	2,700
Bohai Rim, 18.7%	Kaifeng	Resi/Com	M&A	90%	89,138	222,844	200,560	668	602	3,000	2,300
Yangtze River Delta,	Foshan	Resi/Com	Bidding	100%	110,378	306,217	306,217	1,369	1369	4,470	4,300
Bay Area, 46.3%	Beijing	Resi/Com	Bidding	20%	51,249	78,434	15,687	1,830	366	23,332	3,500
Central China, 16.2%	Shanghai	Resi	Bidding	100%	56,048	123,306	123,306	1,850	1,850	15,003	3,800
Chillia, 10.270	Tangshan	Resi	M&A	51%	65,088	162,720	82,987	1,085	554	6,670	3,000
Tier 1&2 VS Tier 3 of	Hefei	Resi	Bidding	34%	117,428	224,188	76,224	2,730	928	12,178	5,100
new land bank *	Zhengzhou	Resi	Bidding	100%	48,412	121,029	121,029	323	323	2,669	1,200
Tier 3 18.1%	Shanghai	Resi	Bidding	100%	50,350	80,560	80,560	1,350	1,350	16,758	2,700
	Foshan	Resi/Com	Bidding	100%	34,559	93,308	93,308	450	450	4,823	1,200
Tier 1&2 81.9%	Hefei	Resi/Com	Bidding	50%	102,047	222,463	111,231	3,491	1,745	15,691	6,600
01.370	Hangzhou	Resi	Bidding	50%	75,068	187,670	93,835	4,657	2,328	24,815	8,000
	Shanghai	Resi	M&A	49%	35,379	63,682	31,204	1,338	656	21,011	2,600
	Shanghai	Resi	M&A	51%	45,243	81,437	41,533	1,723	879	21,157	3,300
*by GFA					978,340	2,124,582	1,534,405	23,595	14,130	11,106	50,300

(a) The equity interest listed in the table is for reference only as a result of introduction of partners for some of these projects.



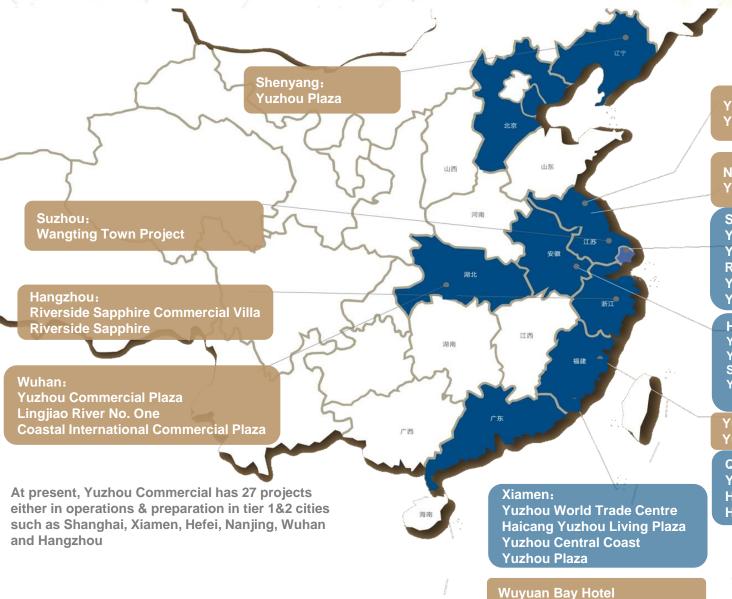
✓ In 2H2019, saleable resource amount to RMB80 billion, tier 1&2 cities

account to 90%



Investment Properties

- Vigorous Business Expansion, 92% in tier 1&2 cities*



Yangzhou: Yuzhou Commercial Plaza

15X Operation

Preparation

禹洲地产

股票代码: 01628.HK

YUZHOU PROPERTIE

Nanjing: Yuzhou Commercial Plaza

Shanghai: Yuzhou Commercial Plaza Yuzhou Plaza Research Building Yuzhou Jinqiao International Yuzhou Land Dream

Hefei: Yuzhou Central Plaza Yuzhou Central Plaza Commercial Street Yuzhou Central Town (Main Street)

Yuzhou Sky Aqua Mall Yuzhou Galaxy Park

Quanzhou: Yuzhou City Plaza Huian Golden Street Huian Plaza



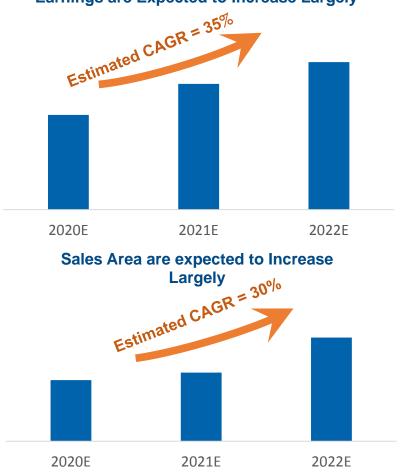
Investment Properties

- Further Development in the Next 3 Years
- In the next 3 years, earnings are expected to realize a dynamic growth \checkmark
- Regional business office buildings, community-based commercial complexes, landmark-level 5A office \checkmark buildings, European-style British pedestrian streets, park-style green office areas with oxygen bar, commercial projects for the aged and integrated cultural commercial buildings will be built and become a beautiful city landscape





Earnings are Expected to Increase Largely



Hotel Business & Property Management Developing Strongly



- Focusing on the development of serviced apartments as well as medium-to-high-end business hotels in order to establish premium hotel brands
- ✓ Property management part achieved rapid development, covering 22 cities, 58 projects



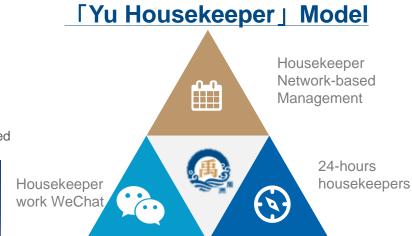
Xiamen Wyndham Grand Plaza Royale Hotel, Camelon Hotel Apartment - Opened



Quanzhou Hui'an Hotel, Hefei Feidong Hotel, Wuhan Taizihu Hotel – In preparation



Xiamen Tong'an Camelon Hotel and Spa – Grand opening in 2020



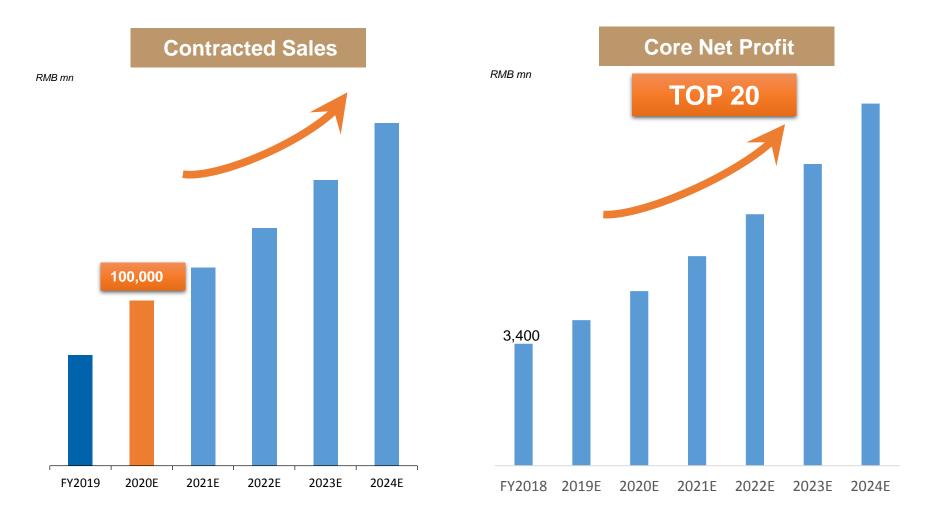
As at June 30, 2019			
Cities Covered:	22		
Managed Projects:	58		
Managed Area:	More than 13 mn sq.m.		
No. of Flats:	More than 100k		

Future Outlook



Outlook for the Group in 3-5 Years

- > Target on 100bn contracted sales, aiming to rank TOP20 by profit among peers
- Actively acquiring land parcels with high quality
- > Paying close attention to the improvement of profit, achieving a steady growth trend



Expand Urban Renewal Project In-Depth Cultivation

 Stronger urban renewal business development, promoting projects landing rapidly

- Accelerate the business in the Greater Bay Area, grasp the growth potential of core cities
- 2017 康山 2018 2010 沈阳 天津 2006 2018 2018 合肥 北京 亳州 2012 蚌埠 2017青岛 2018徐州 2018新乡-2017扬州 2019开封 2014南京 2019 荥阳 2016苏州 2016 武汉 2004上海 2018 重庆 2017舟山 2016杭州 2017惠州 2018金华 2018 佛山 2004 福州 2018中山 2010泉州 2014香港 2012 龙岩 2013 漳州 1994

厦门

 Keep deepening the layout of the six metropolitan, supporting the strategic development plans across the country

南海诸岛

Appendix



Xiamen Yuzhou Wyndham Grand Plaza Royale Hotel

Key Projects in 2H2019



Wuhan Yuzhou Langham City Land (武漢禹洲·朗廷元著)

Suzhou Yuzhou Honor Hill (蘇州禹洲·嘉譽山)



- Located at the intersection of Jiangcheng Avenue and Taizi Hubei road in Wuhan Economic and Technological Development Zone. Traffic location advantage is obvious.
- GFA: 598,179sq.m.
- Unit size: 104-143sq.m.
- Land cost: RMB6,000/sq.m.
- ESP: ≈ RMB19,472/sq.m.



- Located at the junction of Zhenshan road and Zhenbei road of Tong'an town, Suzhou high-tech zone. It is close to the central expressway, with complete supporting facilities for life, education and business
- GFA: 221,847sq.m.
- Unit size: 89-146sq.m.
- · Land cost: RMB8,866/sq.m
- ESP: ≈ RMB18,499/sq.m

Shanghai Yuzhou (上海禹洲·雍錦府)



- Located in Jinhui Town, Fengxian District, Shanghai, it is located in the new area of Shanghai Free Trade Zone. It is surrounded by rich resources and close to Jinhai Lake, Pujiang Country Park and Nanhanggang Park. It is a comfortable and livable urban area.
 - GFA: 123,306sq.m
- Unit size: 89-123sq.m
- Land cost: RMB15,003/sq.m.
- ESP: ≈ 33,900/sq.m.

Hefei Yuzhou Galaxy Park (合肥禹洲·銀河Park)



- Located in the east of Xiaocheng road and the south of Logistics avenue, occupying the core geographical position of the main urban area, backed by a 200,000 sq.m. commercial complex, quite close to the subway, which is the most livable area in the region.
- GFA: 357,069sq.m.
- Unit size: 112-133sq.m.
- Land cost: RMB5,100/sq.m.
- ESP: ≈ RMB14,300/sq.m.

Key Projects in 2H2019 (Cont'd)



Tianjin Yuzhou Tangshan Jiayujinghu (天津禹洲·唐山嘉譽瀞湖)



- It is located on the southeast side of the intersection of Youyi Street and Second Ring Road in Fengnan District, Tangshan City. It is close to the 4A-level scenic spot of Huifeng Lake. It has beautiful environment, convenient transportation and complete facilities.
- GFA: 608,789sq.m.
- Unit size: 83-136sq.m.
- Land cost: RMB2,135/sq.m.
- ESP: ≈ RMB7,400/sq.m. for High-rise & RMB8,800/sq.m.

Tianjin Yuzhou Tangshan Fenghuang Garden (天津禹洲·唐山鳳凰府)



- Located in the core of Fenghuang New City, North Road, Tangshan City, the surrounding traffic is developed, the supporting facilities are mature, and it is close to the Municipal Green Park.
- GFA: 162,720 sq.m.
- Unit size: 108-195sq.m.
- Land cost : RMB6,670/sq.m.
- ESP: ≈ RMB16,347/sq.m. for High-rise & RMB20,427/sq.m.

Shanghai Yuzhou Mansion (上海禹洲·禹洲府)



- Located in the Nanzhuang plate of Minhang District, the main city of Shanghai, enjoy the double-engine radiation of the Dahong Bridge and the South Binjiang River. The Jiayu Elevated and Shenjiahu Expressway will be open to the whole city.
- GFA: 90,776 sq.m
- Unit size 77- 125 sq.m.
- Land cost: RMB28,972 /sq.m.
- ESP: ≈RMB45,000/sq.m.

Qingdao Yuzhou Langham Garden (青島禹洲·朗廷府)



- Located in the west of Jimo Business and Trade Center, it has well-developed transportation and the Top 3 quality full - age education resources of Jimo City.
- GFA: 156,724 sq.m.
- Unit size: 103 171 sq.m.
- Land cost: RMB4,662 sq.m.
- ESP: ≈ RMB15,000/sq.m. for High-rise & RMB17,500/sq.m. for villa

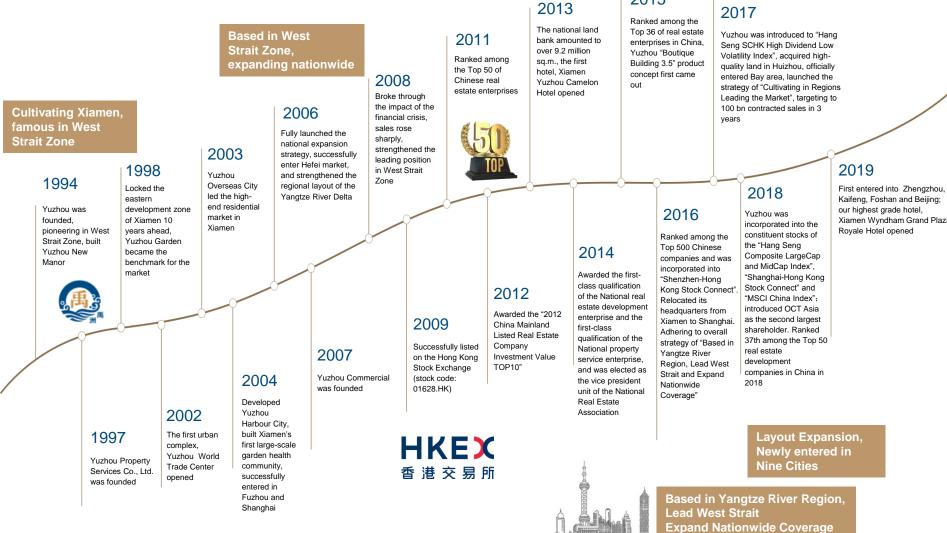
Development Milestone

۰.



2015

Cultivating in Regions Leading the Market



Kaifeng, Foshan and Beijing; our highest grade hotel, Xiamen Wyndham Grand Plaza Royale Hotel opened

Highlights of 1H2019 Results

۰.



(RMB'000)	1H2019	1H2018	Changes
Contracted sales	28,473,760	21,494,226	+32.47%
Recognized revenue	11,637,425	9,242,624	+25.90%
Gross profit	3,140,422	2,914,092	+7.77%
Profit for the year	1,907,126	1,390,650	+37.10%
Core profit	1,396,993	1,158,064	+20.63%
EBITDA	4,443,546	3,309,624	+34.26%
EBITDA margin (%)	38.18%	35.81%	+2.37pp
EPS (RMB cents/share)	33.02	30.55	+8.09%
CEPS (RMB cents/share)	27.98	26.44	+5.82%
Dividend (HK cents/share)	15.00	11.00	+36.36%

1H2019 Key Financials



(RMB'000)	As at 30 June 2019	As at 31 Dec 2018	Changes
Total assets	143,207,059	115,063,004	+24.46%
Total liabilities	120,388,169	93,632,652	+28.57%
Total equity	22,818,890	21,430,352	+6.48%
Total cash	38,926,188	29,279,350	+32.95%
Total debt	55,515,597	43,631,855	+27.24%
Net debt	16,589,409	14,352,505	+15.59%
Net gearing ratio (%)	72.70%	66.97%	+5.73pp

2019 Cash Flow



(RMB bn)	1H2019	FY2019E
Cash inflow		
Cash proceeds from contracted sales and other income	+24.2	+41.2
Cash outflow		
Land premium paid	-12.8	-20.0
Construction cost capex	-8.4	-14.4
Other expenses – Interest, tax, dividends and others	-5.2	-9.8

凡大成者,必取於勢,優於術,精於道。

Yuzhou Properties will remain resilient in the face of the ever-changing market environment. Capitalizing on the development of new urban areas, it will stick to the "A Journey to 100 Billion with Nationwide Cultivation" strategy. Emphasis will be placed on strengthening its presence in six metropolitan areas. It will also step up its efforts in consolidating its real estate business while striving for diversified development potential in a bid to achieve its target of RMB100 billion by 2020.

官方微信公眾號 yuzhouproperties





