Yuzhou Properties Company Limited
禹洲地產股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1628)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

1. Turnover increased by 13.2% to RMB1,991.8 million.

2. Profit before tax excluding fair value gains on investment properties increased by 40.7% to RMB865.18 million. The gross profit margin increased from 42.6% in 2008 to 49.6% in 2009, a superior performance over its peers.

3. Profit attributable to shareholders increased by 276.8% to RMB1,101.04 million, of which RMB699.65 million was related to the revaluation of investment properties (net of deferred tax).

4. Core net profit attributable to shareholders increased by 90.1% to RMB401.39 million, which exceeds the forecast core net profit attributable to shareholders of RMB373.3 million mentioned in the prospectus by 7.5%. Core net profit margin (profit attributable to shareholders excluding fair value gains on investment properties, net of deferred tax, and divided by turnover) increased from 12.0% in 2008 to 20.2% in 2009, again an outstanding performance among its peers.

5. Basic earnings per share is RMB58 cents and core earnings per share is RMB21 cents.

6. Shareholders' funds were up 321.5% to RMB3,705.24 million. Net assets per share is RMB1.54.

7. Return on shareholders' funds is 29.7%.

8. During the year, the Group acquired 5 new parcels of land, adding 1,030,197 sq m GFA to its land reserve. At the end of the year, the Group had a land reserve of 3.9 million sq m GFA.

9. HK$1.6 billion of equity was raised in November 2009 pursuant to the Initial Public Offering.

10. At the end of 2009, net gearing was reduced to a low level of 17.7% with outstanding bank loans of approximately RMB2,229.05 million and cash on hand of approximately RMB1,571.78 million (including restricted cash).

11. The Board proposed a final dividend of HKD7.5 cents per share, representing a payout ratio of approximately 40% of core net profit attributale to shareholders in 2009, which exceeds the 30% of target payout ratio mentioned in the prospectus.

CHAIRMAN'S STATEMENT

To Shareholders:

I hereby present the annual results of Yuzhou Properties Company Limited ("Yuzhou Properties or the "Company") and its subsidiaries ("the Group") for the year ended 31 December 2009 to our shareholders.

Earnings for the year

For the year ended 31 December 2009, turnover and gross profit of the Group amounted to approximately RMB1,991.80 million and RMB988.13 million, respectively, representing a significant increase of 13% and 32% respectively as compared with the previous year. Profit attributable to shareholders and core net profit attributable to shareholders were approximately RMB1,101.04 million and RMB401.39 million, representing a significant increase of 277% and 90% respectively as compared with the previous year. The basic earnings per share and core earnings per share were approximately RMB58 cents and RMB21 cents, respectively. The core net profit margin increased to over 20%.

Dividend

To requite the continuous support and trust from shareholders, and taking into account of the needs for the Group's future development, the Board of Yuzhou Properties Company Limited has resolved to declare a final dividend for the year ended 31 December 2009 of HKD7.5 cents per share, representing a payout ratio of approximately 40% of core profit, which exceeds the 30% target payout ratio as mentioned in the prospectus.

Business Review

Since 2009, with the stimulation brought forth by the implementation of the economic stimulus package by the central government, the property market had seen the reversal of the market adjustment followed by the gradual heating up of the market. With the market being awash with liquidity, property investment, price and transaction volume increased remarkably. Under the State policies, the market demand was spurred, with the property price and transaction volume started picking up since the second quarter.

The Group adjusted its marketing strategies timely in response to the changes in the market. With the synergy of favorable policies and increased market demand, the sale of the Group's properties achieved satisfactory results during the year. For instance, the sale of Yuzhou Yuanbo City (禹洲•園博學府) was strong and ranked top in Xiamen in terms of the monthly property transactions; the market response for Yuzhou Coastline (禹洲領海) (previous named as Yuzhou Golden Seacoast Phase II) was overwhelming, while Yuzhou Jinqiao International (禹洲•金橋國際) was also well-received. The Group is the leading property developer in Xiamen in 2009 with a market share of approximately 9.1%. In addition, during the year, gross floor area ("GFA") contractually sold was approximately 490,000 sq.m. with corresponding contracted sales amount of approximately RMB3.9 billion, of which an estimated 90% of the contracted GFA sold is expected to be recognized in 2010.

For the commercial properties, the commercial portion of Yuzhou World Trade Center (禹洲•世貿商城) Phase II, which is under the management of Yuzhou Commercial Investment & Management Co., Ltd. of the Group, commenced operation successfully in early 2009, and Yuzhou Haicang World Trade Plaza (海滄禹洲•世貿生活廣場) commenced operation in November 2009. This more than double lifted the investment properties portfolio of the Group from approximately 30,000 sq.m. in the previous year to approximately 80,000 sq.m. in this year. Based on the current progress of development, we expect that our completed GFA of investment properties completed will increase to over 400,000 sq.m in the coming years which will significantly widen the earning basis of the Group.

Land Reserves

As a leading real estate developer based in the West Strait Economic Zone, the Group successfully completed the listing on the Main Board of the Hong Kong Stock Exchange during the year. This provides the Company with funding support for the future acquisition of prime land resources. We place emphasis on accumulating prime land reserves in certain major cities in the West Strait Economic Zone. We are continuing to increase our land reserves in Xiamen, being the focus of our business, in order to maintain our leading position in the region. Meanwhile, we are also targeting at our neighbouring cities such as Quanzhou where we aim to source land with high appreciation potential so as to further strengthen our competitiveness in the West Strait Economic Zone.

High quality land reserves were acquired by us at low cost through various means after our listing on 2 November 2009. In December 2009, the Company acquired a parcel of land in Jimei District through public land auction. Located along Xiamen's western coastline with marvelous sea view, the land has a site area of more than 120,000 sq.m., an aggregate GFA of approximately 540,000 sq.m. and a land cost of approximately RMB2,500 per sq.m.. In November 2009, the Company acquired through project acquisition a parcel of land in Haicang District, the Yuzhou Hai Cang site, which is located near the famous Orient (Xiamen) Golf course (廈門東方高爾夫球場), with a site area of 56,000 sq.m., an aggregate GFA of approximately 90,000 sq.m and a land cost of approximately RMB1,500 per sq.m.. In addition, in November 2009, the Company acquired through equity acquisition a parcel of land in Kangqiao District, which is located in the Shanghai Disneyland Economic Zone, with a site area, an aggregate GFA of and a land cost of approximately 13,000 sq.m., 50,000 sq.m. and RMB3,600 per sq.m., respectively. The abovementioned quality new land reserves had an average land cost of approximately RMB2,500 per sq.m., which is substantially below the current market level, and are expected to make important earning contributions to the Group in the future.

As of 31 December 2009, the aggregate GFA of the Company's land reserves was approximately 3.90 million sq.m., with average land cost at a low level of only approximately RMB1,600 per sq.m, of which the GFA of completed and unsold properties amounting to approximately 110,000 sq.m., the GFA of projects under development amounting to approximately 1.54 million sq.m and the GFA of projects held for future development amounting to approximately 2.25 million sq.m.

Property Management

Property management has always been the focus of our business and serves as the basis of our after-sale services and brand enhancement. Huaqiao City Property Management Co., Ltd. (華僑城物業管理公司), a subsidiary of the Group, is committed to provide residents with safe, comfortable, convenient and high quality property management services, and will continue to heed and response to demands and suggestions for improvement. We are continuing to improve our standard of services and we strive to provide property management services at a professional level.

Investor Relations

During the year, the Company raised its profile among investors and met various institutional investors after its successful listing in Hong Kong. Current development and future plans of the Company were explained to investors. We successfully won recognition from investors and such interactions have also greatly helped us to enhance and improve our business development and management capability.

Social Responsibilities

One of our corporate mission is "Serve the community and requite the community" (服務社會，回報社會). Alongside with the development of our company, we always keep this in our mind. Yuzhou Properties is committed to its social responsibilities of being a good corporate citizen. We have actively participated in various charity programmes, such as Project Hope, and other charitable activities such as those concerning cultural education, relief activities, environmental protection, medical healthcare and urban transportation.

Future Outlook

Regarding future development in the property market in China, although the market may face consolidation in the short term, the chance of a plunge in property price is remote as the investment in property market is expected to keep growing at a fast pace in the year of 2010 due to improving sentiment in macro-economic environment, increasing income of residents, ample liquidity and changes in consumption pattern.

We will continue to focus on our corporate spirit of "Operating faithfully while sustaining development" (誠信經營，永續發展), based on which we will conduct business with faith in enhancing our resources and brands. We will continue to strengthen the Xiamen headquarter to be our major focus with sub-centres in other cities in the West Strait Economic Zone such as Fuzhou and Quanzhou. We also aim at developing our secondary quarter in Shanghai, with sub-branches in Yangtze River Delta Area such as Anhui and Jiangsu, as well as to explore the real estate market in other first and second-tier cities. Continuous market investigations, comprehensive analysis and evaluation will be carried out based on the Group's development needs to identify suitable projects with good prospects. As before, we will grasp opportunities during any consolidation in the market to replenish our land reserves through acquisition or public auction. In 2010, we aim to expand into 2-3 new cities while at the same time continuing to increase our land reserves in Xiamen. Our target is to increase the GFA of our land reserves by not less than 3 million sq.m. in 2010 and to reach an aggregate land reserves with GFA of not less than 10 million sq.m by the end of 2012.

With the continued expansion in our business, our targeted GFA started and completed in 2010 are approximately 1.1 million sq.m. and 760,000 sq.m., respectively. In 2010, 8 projects are expected to be completed and delivered, with a GFA recognized of approximately 580,000 sq.m. (of which GFA of approximately 448,000 sq.m. has been locked in through pre-sale in 2009). Our targeted GFA sold in 2010 is not less than 560,000 sq.m, with a corresponding sales amount of not less than RMB6 billion, representing targeted increases of approximately 14% and 56% from 2009, respectively.

The Company has shown strong mission in its corporate responsibility after its successful listing and has formulated a comprehensive development blueprint, ensuring the shareholders and investors of the Company to be rewarded as the Company's business continues to grow in the future. While increasing our land reserves remains as a major focus, the Company will continue to strengthen its management, improve its efficiency and keep proper control over its costs.

Appreciation

In 2009, Yuzhou has entered into its 15th year of development. On behalf of the Board, I would like to express my sincere gratitude for the continuous support from our shareholders and efforts and contributions made by our staff, which are essential for Yuzhou's future development.

Chairman
Lam Lung On
Hong Kong, 30 March 2010

The board of directors (the "Board") of Yuzhou Properties Company Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2009.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	**2009**	2008
		RMB'000	*RMB'000*
REVENUE	*2,3*	**1,991,801**	1,759,803
Cost of sales		**(1,003,672)**	(1,010,236)
Gross profit		**988,129**	749,567
Other income and gains	*2*	**5,410**	6,499
Selling and distribution costs		**(48,038)**	(42,398)
Administrative expenses		**(57,213)**	(61,396)
Other expenses		**(21,955)**	(24,357)
Fair value gains on investment properties		**932,094**	108,088
Finance costs	*5*	**(1,158)**	(12,854)
PROFIT BEFORE TAX	*4*	**1,797,269**	723,149
Income tax expense	*6*	**(703,237)**	(354,053)
PROFIT FOR THE YEAR		**1,094,032**	369,096
Attributable to:			
Owners of the Company		**1,101,042**	292,178
Minority interests		**(7,010)**	76,918
		1,094,032	369,096
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
— Basic (RMB per share)		**0.58**	N/A
— Diluted (RMB per share)		**0.58**	N/A

Details of the dividend proposed for the year are disclosed in note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**166,633**	165,297
Investment properties		**2,422,070**	1,443,551
Prepaid land lease payments		**512,463**	586,930
Deferred tax assets		**76,614**	36,843
Total non-current assets		**3,177,780**	2,232,621
CURRENT ASSETS			
Prepaid land lease payments		**404,148**	63,549
Properties under development		**3,585,106**	3,412,056
Completed properties held for sale		**688,704**	836,423
Prepayments for acquisition for land		**1,319,735**	194,843
Prepayments, deposits and other receivables		**367,987**	247,197
Due from related parties		**—**	27,294
Prepaid corporate income tax		**15,844**	42,040
Prepaid land appreciation tax		**10,714**	12,717
Restricted cash		**1,755**	8,178
Cash and cash equivalents		**1,570,026**	196,547
Total current assets		**7,964,019**	5,040,844
CURRENT LIABILITIES			
Receipts in advance		**3,211,798**	1,816,212
Trade payables	9	**703,488**	807,622
Other payables and accruals		**181,202**	220,238
Interest-bearing bank and other borrowings		**783,000**	971,553
Due to related parties		**1,787**	578,506
Tax payable		**213,556**	101,300
Provision for land appreciation tax		**335,597**	182,964
Total current liabilities		**5,430,428**	4,678,395
NET CURRENT ASSETS		**2,533,591**	362,449
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,711,371**	2,595,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
31 December 2009

	Note	**2009** **RMB'000**	2008 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,446,050**	1,392,950
Deferred tax liabilities		**435,904**	188,880
Total non-current liabilities		**1,881,954**	1,581,830
Net assets		**3,829,417**	1,013,240
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**211,528**	1
Reserves		**3,335,070**	879,095
Proposed final dividend	*7*	**158,646**	—
		3,705,244	879,096
Minority interests		**124,173**	134,144
Total equity		**3,829,417**	1,013,240

Notes:

1. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First —time Adopters* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties; gross rental income, net of business tax, received and receivable from investment properties and property management fee income, net of business tax, received and receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2009	2008
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**1,940,884**	1,716,479
Rental income	**25,008**	21,560
Property management fees	**25,909**	21,764
	1,991,801	1,759,803
Other income and gains		
Bank interest income	**2,084**	1,254
Rental income from properties held for sale	**2,723**	2,198
Others	**603**	3,047
	5,410	6,499

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the property management segment engages in the provision of management services to properties;

(d) the hotel operation segment engages in the development and operation of hotels; and

(e) the others segment comprises corporate income and expense items.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, due from related parties, prepaid corporate income tax, prepaid land appreciation tax, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2009

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	1,940,884	25,008	25,909	—	—	1,991,801
Other revenue	3,272	—	10	1	43	3,326
Total	1,944,156	25,008	25,919	1	43	1,995,127
Segment results	866,726	945,582	4,137	(278)	(19,824)	1,796,343
Reconciliation:						
Interest income						2,084
Finance costs						(1,158)
Profit before tax						1,797,269
Tax						(703,237)
Profit for the year						1,094,032
Segment assets	8,697,057	3,854,678	64,896	409,060	1,076,233	14,101,924
Reconciliation:						
Elimination of intersegment receivables						(4,635,078)
Corporate and other unallocated assets						1,674,953
Total assets						11,141,799
Segment liabilities	6,433,055	660,606	69,040	7,460	1,561,405	8,731,566
Reconciliation:						
Elimination of intersegment payables						(4,635,078)
Corporate and other unallocated liabilities						3,215,894
Total liabilities						7,312,382
Other segment information:						
Depreciation and amortisation	15,377	60	104	—	201	15,742
Capital expenditure	321,936	46,425	309	3,514	540	372,724*
Fair value gains on investment properties	—	932,094	—	—	—	932,094

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties under construction and additions to prepaid land lease payments.

Year ended 31 December 2008

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	1,716,479	21,560	21,764	—	—	1,759,803
Other revenue	3,613	24	7	—	1,601	5,245
Total	1,720,092	21,584	21,771	—	1,601	1,765,048
Segment results	632,936	111,081	4,384	(14)	(13,638)	734,749
Reconciliation:						
Interest income						1,254
Finance costs						(12,854)
Profit before tax						723,149
Tax						(354,053)
Profit for the year						369,096
Segment assets	5,134,233	2,109,620	17,319	150,502	2,024,265	9,435,939
Reconciliation:						
Elimination of intersegment receivables						(2,486,093)
Corporate and other unallocated assets						323,619
Total assets						7,273,465
Segment liabilities	3,064,164	216,501	16,732	98,880	1,104,295	4,500,572
Reconciliation:						
Elimination of intersegment payables						(1,656,500)
Corporate and other unallocated liabilities						3,416,153
Total liabilities						6,260,225
Other segment information:						
Depreciation and amortisation	16,951	45	66	—	170	17,232
Capital expenditure	70,327	103,304	225	12,354	306	186,516*
Fair value gains on investment properties	—	108,088	—	—	—	108,088

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties under construction and additions to prepaid land lease payments.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2009 *RMB'000*	2008 *RMB'000*
Cost of properties sold	**983,790**	1,000,657
Amortisation of prepaid land lease payments	**10,886**	10,890
Depreciation	**4,856**	6,342
Minimum lease payments under operating leases for land and buildings	**1,337**	1,312
Auditors' remuneration	**1,770**	596
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**24,411**	16,537
Retirement benefit scheme contributions	**1,843**	1,062
	26,254	17,599
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**4,335**	2,112

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2009 *RMB'000*	2008 *RMB'000*
Interest on bank loans wholly repayable within five years	**115,442**	152,419
Interest on other loans	**7,223**	4,319
Total interest expense on financial liabilities not at fair value through profit or loss	**122,665**	156,738
Less: Interest capitalised	**(121,507)**	(143,884)
	1,158	12,854

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2008: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	Group	
	2009	2008
	RMB'000	*RMB'000*
Current:		
PRC corporate income tax	**162,570**	136,053
PRC land appreciation tax	**333,414**	200,358
	495,984	336,411
Deferred:		
Current year	**207,253**	17,642
Total tax charge for the year	**703,237**	354,053

7. DIVIDEND

	2009	2008
	RMB'000	*RMB'000*
Proposed final — HKD7.5 cents (2008: Nil) per ordinary share	**158,646**	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Earnings per share information for the year ended 31 December 2008 was not disclosed as the disclosure is not considered meaningful prior to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 9 October 2009 (the "Reorganisation").

The calculation of the basic earnings per share amount for the year ended 31 December 2009 is based on the profit for the year attributable to equity holders of the Company of RMB1,101,042,000 and the weighted average number of ordinary shares in issue during the year ended 31 December 2009 of 1,898,630,137, on the assumption that the Reorganisation and the capitalisation issue had been completed on 1 January 2009.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2009.

9. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	RMB'000	*RMB'000*
Due within 1 year or on demand	**257,669**	498,578
Due within 1 to 2 years	**445,819**	309,044
	703,488	807,622

The trade payables are non-interest-bearing and unsecured. The carrying amounts of these balances approximate to their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The PRC and other countries around the world experienced significant economic turmoil in 2009. During the year, the PRC economy was benefited by a moderate easing monetary policy resulting in an accelerated recovery in the overall economy. Adjustments in the real estate market came to an early end. The market recovered quickly with vigorous sales, active transaction volumes and surging in property prices. Taking into account of the prevailing trend, the Group seized the opportunities in the market by accelerating its property development and enjoyed record sales.

Overall Performance

During the year, turnover of the Group was approximately RMB1,991.80 million, representing an increase of 13% as compared with the previous year. The gross profit was approximately RMB988.13 million, representing an increase of 32% as compared with the previous year. Gross profit margin improved significantly from approximately 43% in the previous year to approximately 50%. Profit attributable to shareholders was approximately RMB1,101.04 million, representing an increase of 277% as compared with the previous year. Basic earnings per share was RMB58 cents. Core profit attributable to shareholders amounted to RMB401.39 million, representing an increase of 90% over last year. Core earnings per share was RMB21 cents. The Board proposed a final dividend of HK$180 million with HKD7.5 cents per share, for the year ended 31 December 2009.

Land Reserves

The Group possesses quality land reserves with low land cost. As of 31 December 2009, the aggregate GFA of the Group's land reserves was 3.90 million sq.m., which are located in four first and second tier cities in the West Strait Economic Zone and the Yangtze River Delta Region, with an average land cost of approximately RMB1,600 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for the future development for five to six years.

GFA of Land Reserves (Sq.m.)
As at 31 December 2009

Region	**GFA** *(sq.m.)*
West Strait Economic Zone	
Xiamen	2,133,633
Fuzhou	381,612
Sub-Total	2,515,245
Yangtze River Delta Region	
Shanghai	241,595
Hefei	1,144,260
Sub-Total	1,385,855
Total	3,901,100

During the year, the Group acquired 5 new parcels of quality land with an aggregate GFA of 1,030,197 sq.m., at an average land cost of approximately RMB3,300 per sq. m., which is far below the market level. The new parcels of land acquired are located in Shanghai and Xiamen, and are expected to provide satisfactory returns to the Group in the next two to three years.

Particulars of these parcels of land are set out in the following table:

Name of Project	**City**	**Acquisition Cost** *(RMB'000)*	**GFA** *(sq.m.)*	**Land cost** *per sq.m. (RMB)*
West Strait Economic Zone				
F1 Plaza site	Xiamen	226,000	55,000	4,109
Yuzhou Zun Hai site	Xiamen	1,500,000	301,000	4,983
Yuzhou Hai Cang site*	Xiamen	134,000	89,956	1,490
Jimei District site*	Xiamen	1,368,000	535,000	2,557
Sub-total		3,228,000	980,956	3,291
Yangtze River Delta Region				
Kangqiao site*	Shanghai	175,000	49,241	3,554
Sub-total		175,000	49,241	3,554
Total		3,403,000	1,030,197	3,303

* Lands acquired subsequent to the listing of the Company on 2 November 2009

Sale of Properties

Recognized area sold and recognized sales of each project in 2009 are set out in the following table:

Name of Project	City	GFA	Amount	Average Selling Price
		(sq.m.)	*(RMB'000)*	*(RMB)*
West Strait Economic Zone				
Galaxy Garden	Xiamen	36,302	302,042	8,320
Phase I of Yuzhou World Trade Center	Xiamen	43,053	612,924	14,236
Yuzhou Golden Seacoast	Xiamen	55,846	346,883	6,211
Others	Xiamen	12,521	54,499	4,353
Sub-Total		147,722	1,316,348	8,911
Yangtze River Delta Region				
Phase I of Yuzhou Jinqiao International	Shanghai	391	5,535	14,156
Phase II of Yuzhou Jinqiao International	Shanghai	38,453	619,001	16,098
Sub-Total		38,844	624,536	16,078
Total		186,566	1,940,884	10,403

In 2009, the Group recognized sales and area sold of RMB1,940.88 million approximately 186,566 sq.m., representing an increase of 13% and a decline of 3% as compared with 2008 respectively. The average selling price per sq.m. rised from RMB8,892 in 2008 to RMB10,403 in 2009. Among the recognized sales, the amount of Xiamen was RMB1,316.35 million, representing 68% of the total recognized sales and an increase of 7% as compared with 2008. The recognized total area sold in Xiamen was 147,722 sq.m., representing a decrease of 13% as compared with 2008. The recognized sales in Shanghai was RMB624.54 million, representing 32% of the total recognized sales and an increase of 107% as compared with 2008. The recognized total area sold in Shanghai was 38,844 sq.m., representing an increase of 69% as compared with 2008.

Contracted sales and area of each project in 2009 are set out in the following table:

Name of Project	City	GFA *(sq.m.)*	Amount *(RMB'000)*	Average Selling Price *(RMB'000)*
West Strait Economic Zone				
Yuzhou Golden Seacoast	Xiamen	104,586	812,849	7,772
Phase I of Yuzhou World Trade Center	Xiamen	10,826	133,464	12,328
Phase II of Yuzhou World Trade Center	Xiamen	23,861	314,978	13,201
Yuzhou Yuanbo City	Xiamen	174,449	769,252	4,410
Galaxy Garden	Xiamen	56,821	503,762	8,866
Phase II of Oriental Venice	Fuzhou	3,224	48,280	14,975
Others	Xiamen	7,940	70,330	8,858
Sub-Total		381,707	2,652,915	6,950
Yangtze River Delta Region				
Phase I of Yuzhou Jinqiao International	Shanghai	63	690	10,952
Phase II of Yuzhou Jinqiao International	Shanghai	14,222	197,262	13,870
Phase III of Yuzhou Jinqiao International	Shanghai	51,042	817,363	16,014
Phase I of Yuzhou Huaqiao City	Hefei	45,929	184,230	4,011
Sub-Total		111,256	1,199,545	10,782
Total		492,963	3,852,460	7,815

In 2009, the contracted sales area of the Group was approximately 490,000 sq.m. and the contracted sales was RMB3,852.46 million, representing an increase of 393% and 247% respectively as compared with 2008. Among the contracted sales, the amount in Xiamen was RMB2,652.92 million, representing 69% of the total contracted sales and an increase of 314% as compared with 2008. The total contracted sales area in Xiamen was 381,707 sq.m., representing an increase of 418% as compared with 2008. During the year, the Group had maintained its leading position in the Xiamen market, and had been the largest residential property developer in terms of contracted sales area, with a market share of 9.1%. The contracted sales in Shanghai was RMB1,015.32 million, representing 26% of the total contracted sales and an increase of 117% as compared with 2008. The total contracted sales area in Shanghai was 65,327 sq.m., representing an increase of 147% as compared with 2008. The contracted sales and the contracted sales area in Hefei were RMB184.23 million and 45,929 sq.m. respectively, representing 5% and 9% of the total contracted sales and the total contracted sales area respectively. In 2008, the Group had no contracted sales in Hefei.

Investment Properties

Phase I and II of World Trade Center (Xiamen)

The revenue of World Trade Center in Xiamen during the year was derived from the Mall and amounted to RMB25.01 million (2008: RMB21.56 million), representing an increase of 16.0%. During the year, the Mall at Phase I of World Trade Center continued to maintain high occupancy rate of approximately 100% (2008: 98%). The occupancy rate of Phase II of World Trade Center was 60% as it just commenced operation during the year. We expect the occupancy rate of Phase II of World Trade Center will increase to the level of Phase I of World Trade Center in the coming year. The Mall not only managed to retain the existing tenants but also has attracted new tenants with renowned brands such as PCD Stores and Walmart.

Yuzhou Golden Seacoast (Xiamen)

The project, Yuzhou World Trade Plaza (禹洲•世貿生活廣場), has an area of approximately 40,000 sq.m. which comprises Phase I and Phase II. Solicitation of retail tenants will be carried out in phases. The plaza will be our commercial flagship in Hai Cang District in Xiamen with large-scaled complexes, supermarkets and department stores. Initial business solicitation for the commercial section of Phase I is still in progress as delivery of the residential units of Phase I had just started. No rental income was recorded as of 31 December 2009. Upon delivery of the remaining residential units of Phase I and Phase II in 2010, Yuzhou World Trade Plaza (禹洲•世貿生活廣場) is expected to generate a considerable increase in rental income for the Group in the future.

Yuzhou Jinqiao International Phase I and Phase II (Shanghai)

Yuzhou Jinqiao International is designed as a one-stop commercial complex with approximately 16,000 sq.m. and features famous brands. Business solicitation for Phase I and Phase II, comprising approximately 8,500 sq.m., had been carried out throughout 2009 and operation had now commenced.

Hotel operation

The Group continues to expand our hotel business in a progressive manner so as to build a diversified properties portfolio. We believe that the expansion into hotel industry would widen the source and stability of revenue, and reduce the risks of over reliance on any particular real estate segment. The hotel of the Group is still under development and construction. There was no income generated from hotel operation during the year.

Property Management

The Group aims at providing quality property management services to, and creating a warm and harmonious community, for our respected residents. The Group has committed to continuously improving the living environment and enhancing service quality in order to maintain high level of customer satisfaction.

In 2009, the property management service companies of the Group recorded property management fee income of RMB25.91 million, representing an increase of 18.9% as compared with 2008. As at 31 December, 2009, the aggregate GFA managed by the property management service companies of the Group in the PRC was approximately 1.2 million sq.m., and these companies serviced more than 11,000 owners.

Gross Profit

The gross profit of the Group increased by 32% from RMB749.58 million in 2008 to approximately RMB988.13 million in 2009. The gross profit margin increased from 43% in 2008 to 50% in 2009. It was mainly due to an increase in average selling price and reduction in costs of sales of the projects. The ratio of land cost to average selling price was maintained at low level of 17.7%, such ratio is expected to remain at a low level in the coming years.

Expenses on selling and marketing costs

Selling and marketing expenses of the Group increased by 13% from approximately RMB42.4 million in 2008 to approximately RMB48.04 million in 2009. It was mainly due to the extensive promotion programs for the new property projects. Substantial investment for advertising in the market increased the costs of advertising by 68% from approximately RMB15.83 million in 2008 to approximately RMB26.67 million in 2009. In addition, pre-sale of new property projects such as Phase I of Yuzhou Huaqiao City and Yuzhou Coastline commenced in 2009 led to a rise in selling and marketing costs during the year.

Administrative Expenses

Administrative expenses of the Group decreased by 7% from approximately RMB61.4 million in 2008 to approximately RMB57.21 million in 2009. It was mainly because certain administrative expenses in 2008 had been reclassified as cost of sales in 2009.

Fair Value Gains on Investment Properties

The following table set forth the components of the fair value gain on investment properties for the years indicated.

	2009	2008
	(RMB'000)	*(RMB'000)*
Kindergarten at Phase II of Yuzhou Overseas City	**—**	(1,700)
The Mall at Phase I of Yuzhou World Trade Center	**174,000**	56,000
The Mall at Phase II of Yuzhou World Trade Center	**560,062**	—
Phase I of Yuzhou Jinqiao International	**—**	53,788
Phase II of Yuzhou Jinqiao International	**54,688**	—
Yuzhou Golden Seacoast	**143,344**	—
Total	**932,094**	108,088

Fair value gains on investment properties increased from RMB108.09 million in 2008 to RMB932.090 million in 2009. It was mainly due to the completion of investment properties, Phase II of Yuzhou World Trade Center, Yuzhou Golden Seacoast and the Mall at Phase II of Yuzhou Jinqiao International, in respect of which the values of these projects were accounted for using the fair value instead of the cost. The increase was also attributed to the appreciation in value of the investment property of the Mall at Phase I of Yuzhou World Trade Center.

Profit attributable to shareholders

Profit attributable to shareholders increased by 277% from approximately RMB292.18 million in 2008 to approximately RMB1,101.04 million in 2009. Core profit attributable to shareholders increased by 90% from approximately RMB211.11 million in 2008 to RMB401.39 million in 2009.

FINANCIAL REVIEW

Borrowings

The Group will continue to comply with the prudent financial policies.

As at 31 December 2009, the Group had bank borrowings of RMB2,229.05 million with maturities as follows:

Maturity	**2009**	2008
	(RMB'000)	*(RMB'000)*
Within 1 year	**783,000**	971,553
1 to 2 years	**196,050**	1,167,950
2 to 5 years	**875,000**	225,000
Over 5 years	**375,000**	—
	2,229,050	2,364,503

As at 31 December 2009, the bank borrowings of the Group was RMB2,229.05 million and was secured by the investment properties and properties under development with an aggregate carrying value of RMB2,394.42 million.

Gearing Ratio

As at 31 December 2009, the net current assets of the Group increased from 599% to RMB2,533.59 million as compared with 2008. The current ratio rose from 1.08 times in 2008 to 1.47 times in 2009. As at 31 December 2009, the net debt to equity ratio (bank loans less cash on hand and divided by equity attributable to owners of the Company) of the Group was significantly improved to a low level of 18% (2008: 246%), which provides room for the Group to comfortably increase its debt for business expansion during the phase of the real estate market consolidation.

Finance Expenses

During the year, the total cost of borrowings of the Group was RMB122.67 million, a drop by RMB34.07 million as compared with 2008, of which RMB121.51 million were capitalised as cost of projects, a decrease of RMB22.37 million as compared with 2008.

Currency Risk

The proportions of bank borrowings and cash balance of the Group in terms of the following currencies:

	Bank Borrowings	**Cash Balance**
HK$	—	4%
RMB	100%	96%
Total	100%	100%

Operations of the Group are almost wholly conducted in RMB. Apart from the cash at bank denominated in foreign currencies, the Group is not directly facing any other material risk from foreign exchange fluctuations.

Contingent Liabilities

The Group provides buy-back guarantees to banks, which offered mortgages to domestic properties buyers in the PRC of the Group. As at 31 December 2009, undue buy-back guarantees amounted to RMB2,379.72 million (2008: RMB1,719.31 million).

Return on Equity

Return on equity represented profit attributable to shareholders of the Company divided by equity attributable to shareholders of the Company. Return on equity in 2009 was 29.7%.

Earnings per share

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

	2009	2008
Profit attributable to shareholders of the Company *(RMB'000)*	**1,101,042**	292,178
Less: fair value gains of invesment properties, net of deferred tax *(RMB'000)*	**699,650**	81,066
Core profit attributable to shareholders of the Company *(RMB'000)*	**401,392**	211,112
Weighted average number of ordinary shares in issue *('000)*	**1,898,630**	N/A
Basic earnings per share *(RMB/per share)*	**0.58**	N/A
Core earnings per share *(RMB/per share)*	**0.21**	N/A

As no shares with potential dilutive effect were issued during the year end 31 December 2009, diluted earnings per share was the same as basic earnings per share. The core profit attributable to shareholders of the Company is the profit attributable to shareholders of the Company excluding fair value gains on investment properties net of deferred taxation.

Commitment

As at 31 December 2009, the Group had commitment in respect of development expenses on real estate of approximately RMB1,275.33 million (approximately RMB1,235.83 million in 2008). The Group also committed to the payment of land premium in respect of land acquisition of approximately RMB1,907.90 million (approximately RMB60 million in 2008).

Use of Proceeds

After deducting the underwriting fees and expenses payable in the Global Offering, the net proceeds of the Company from the Global Offering on 2 November 2009 was approximately RMB1,390 million. Particulars of the use of these net proceeds are as followed:

Use of Proceeds Raised Project Type	**Amount Raised** *(RMB in million)*	**Amount used as of 28 February, 2010** *(RMB in million)*
Land, construction and other costs relating to projects of Yuzhou International Hotel, Yuzhou Square (Previous named as "Yuzhou Gangyi Square"), Yuzhou Gu Shan No. One and Oriental Venice	389	30
Finance for new projects	973	678
General working capital	28	12
	1,390	720

Human Resources

The Group is led by an experienced and professional management team. Since the establishment of the Group in 1994, the Group has been undergoing rapid development and expansion under the leadership of the Board. Senior management has on average 16 years experience in properties development industry and over 10 years experience for most of the senior executives. The Group has also recruited overseas talents with professional qualifications to join our management team. With the strong leadership and international insight of the management as well as effective execution, together with our strict implementation of the international best practice according to the actual situation of the Company, the Group has become one of the strongest real estate developers in the PRC within a short period of time.

We believed that the competence of human resources, particularly the senior executives and professional project management team, is of critical importance to maintaining the strong competitive strengths of the Group. The Group aims to achieve and exceed the international standard of outstanding performance through compliance with the international best practice in respect of strict management system and corporate governance.

As at 31 December 2009, the Group had a total staff of 745. As of 31 December 2009, the total staff costs (including director's fees) amounted to RMB26.25 million (RMB17.60 million in 2008).

PAYMENT OF DIVIDEND

The Board has recommended the payment of a final dividend of HKD7.5 cents per share for the year ended 31 December 2009, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM") of the Company. Further announcement will be made in respect of the date of the forthcoming AGM, the book close period and the date of payment of final dividend in due course.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "Securities Code") on terms no less exacting that the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix 10 of the Listing Rules. The directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the year ended 31 December 2009.

CORPORATE GOVERNANCE

The Company has complied throughout the year with all the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, and with most of the Recommended Best Practices.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2009.

APPRECIATION

Lastly, I would like to thank the members of the Board for their outstanding leadership, the shareholders and business associates for their support and trust and the entire staff for their dedication.

By order of the Board
Yuzhou Properties Company Limited
Lam Lung On
Chairman

Hong Kong, 30 March 2010

As at the date of this announcement, Messrs. Lam Lung On (Chairman), Kwok Ying Lan, Lin Longzhi ad Lin Conghui are the executive directors; and Messrs. Gu Jiande, Lam Kwong Siu and Wee Henny Soon Chiang are the independent non-executive directors of the Company.

This final results announcement is published on the Company's website (http://xmyuzhou.com.cn) and the website of the Stock Exchange (http://www.hkexnews.hk). The 2009 Annual Report will also be available at the aforementioned websites on about 10 April 2010 and will be despatched to shareholders of the Company thereafter.