禹洲地産股份有限公司

YUZHOU PROPERTIES COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1628)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

1. Turnover substantially increased by 114.2% to RMB4,265.56 million as compared with 2009, reaching a record high since the establishment of the Group in 1994.

2. Profit before tax excluding fair value gains on investment properties increased by 82.9% to RMB1,582.16 million, still a superior performance over its peers.

3. Profit attributable to shareholders was RMB963.60 million, of which RMB207.01 million was related to the revaluation of investment properties (net of deferred tax).

4. Core profit attributable to shareholders increased by 88.5% to RMB756.59 million.

5. Basic earnings per share is RMB40 cents and core earnings per share is RMB32 cents.

6. Shareholders' funds were up 23.3% to RMB4,567.40 million. Net assets per share is RMB1.9.

7. Return on shareholders' funds is 23.3%.

8. During the year, the Group acquired 10 prime parcels of land, equivalent to an aggregate saleable GFA of 1,259,307 sq.m., with a unit cost of RMB1,548 per sq.m.. At the end of the year, the Group had a land reserve of 4.90 million sq.m. of saleable GFA. In addition, we also obtained the primary land development qualification of two projects with an estimated aggregate GFA of 4.18 million sq.m..

9. In July 2010, the Group issued 10% bonds in an aggregate principal value of HK$1 billion with a maturity of three years to a specific subscriber. In December 2010, the Group also successfully issued US$200 million (equivalent to approximately HK$1.56 billion) senior notes, with a maturity of five years and bearing a coupon rate of 13.5%.

10. At the end of 2010, net gearing was 42.4% with outstanding bank loans of approximately RMB2,659.42 million, outstanding bonds and senior notes balance of approximately RMB2,120.35 million and cash on hand of approximately RMB2,732.67 million (including restricted cash of RMB13.22 million).

11. The Board proposed a final dividend of HK11 cents per share, representing a payout ratio of approximately 29.7% of core profit attributable to shareholders.

CHAIRMAN'S STATEMENT

To Shareholders:

I am pleased to present the annual results of Yuzhou Properties Company Limited ("Yuzhou Properties" or the "Company") and its subsidiaries ("the Group") on behalf of the board of directors (the "Board") of the Company for the financial year ended 31 December 2010. Year 2010 was a year of speedy development for Yuzhou Properties since its listing and also a year when the Company actively planned and soundly expanded its business in Yangtze River Delta Region (長三角地區) and Bohai Rim Region (環渤海地區).

As of 31 December 2010, turnover and gross profit of the Group amounted to approximately RMB4,265.56 million and RMB1,777.38 million, respectively, representing an increase of 114.2% and 79.9% respectively, as compared with the corresponding period of the previous year. Core profit attributable to shareholders was approximately RMB756.59 million and the basic core earnings per share were RMB32 cents, representing an increase of 88.5% and 52.4%, respectively, as compared with the corresponding period of the previous year.

Dividend

To requite the continuous support and trust of its shareholders, and taking into account the needs for the Group's future development, the Board has proposed to declare a final dividend of HK11 cents per share, representing an increase of 46.7% as compared with 2009 and a payout ratio of 29.7% of core profit for the year of 2010, which is consistent with the Group's dividend distribution policy that the payout ratio is approximately 30% since its listing.

Business Review

The year 2010 was the Group's first completed financial year since its listing on the Hong Kong Stock Exchange. During the period, contracted sales, turnover and core profit all reached new records since the Group was established in 1994. The Group will continue to consolidate its advantageous position in the West Strait Economic Zone by sourcing land with high quality so as to strengthen its leadership in this zone and steadily enter Yangtze River Delta Region and strategically position itself in Bohai Rim Region.

In 2010, the central government introduced a series of control measures for the property market, which resulted in prolonged adjustment of the market. These measures were designed to control and curtail property transactions for investment and speculation purposes, though they also resulted in restraining part of the demand for self-occupation purposes. Consequently, there was a significant drop in transaction volume of the property market, particularly in first and second tier cities, during the second half of the year. In the backdrop of prudent monetary policy measures launched by the government, the property market cannot rule out further pressure from some more new control measures in 2011. In light of the prevailing macro-economic environment and changes of the market, the Group has timely adjusted its business strategies and recorded a remarkable sales performance.

During the period, the Group reached its adjusted annual sales target as its projects recorded good sales. As of 31 December 2010, the Group completed a total GFA of 496,998 sq.m. and commenced construction of a total GFA of 1,930,744 sq.m.. The major on-going sale projects included Yuzhou World Trade Center, Phase I of Yuzhou Skyline (formerly known as Yuzhou Huaqiao City), Yuzhou Golden Seacoast, Phase I of Yuzhou University City and Yuzhou Galaxy Garden; the newly-launched projects included Phase II of Yuzhou University City, Yuzhou Castle above City, Yuzhou Gu Shan No. One, Phase II of Yuzhou Oriental Venice and Yuzhou Land Dream. In 2011, it is expected that the Group will have an aggregate GFA under construction of 2,600,000 sq.m. and a saleable GFA of 1,012,113 sq.m.. Four projects are planned to be launched, namely Yuzhou Golf, Phase II of Yuzhou Skyline, Yuzhou Zunhai and Yuzhou Sunshine Garden.

Land Reserves

During the period, the Group actively seized the opportunity for acquisition and strategically increased quality land reserves of approximately 5.44 million sq.m. with low land cost, of which the GFA of approximately 4.18 million sq.m. are with primary land development qualification. These lands are mainly located in the West Strait Economic Zone, Yangtze River Delta Region and Bohai Rim Region, accounting for 52%, 4% and 44% respectively.

In June 2010, Yuzhou Properties won the bid for a parcel of land with GFA of approximately 60,000 sq.m. near Tongan Industrial Estate, Xiamen at a consideration of RMB94 million. The project is planned for residential purpose temporarily named as Sunshine Garden. The Company also obtained the primary development qualification for a site of the complex project in Quanzhou at low cost. The land has an aggregate planned GFA of approximately 2.24 million sq.m.. Upon completion, the project will become the largest complex project in the West Strait Economic Zone. The Group is expected to acquire the land at a land cost of approximately RMB300 per sq.m.. In addition, Yuzhou Properties successfully won the bid for two parcels of land near Xia Men Tong'an Movie & TV City through public land auction at total considerations of RMB506 million and RMB364 million, respectively in October 2010. In 2010, numerous project acquisition in Xiamen and Quanzhou further strengthened the development of the Group in the West Strait Economic Zone.

During the period, Yuzhou Properties acquired the entire interest in Shanghai Xiersi General Merchandise Co., Ltd. for RMB261.5 million in June 2010, thereby acquiring a land plot with an aggregate planned GFA of approximately 110,000 sq.m. for commercial use in Huinan Town, Pudong New Area in Shanghai owned by Xiersi at an average land cost of RMB2,367 per sq.m.. The commercial land will be developed into a large-scale shopping center.

In September 2010, Yuzhou Properties gained its foothold in Bohai Rim Region by successfully winning the bid for three parcels of land with an aggregate GFA of over 300,000 sq.m. in Tianjin through public land auction at a total consideration of approximately RMB369.56 million. In October 2010, Yuzhou Properties successfully won the bid for a parcel of land located in Tianjin through public land auction at a total consideration of approximately RMB137.82 million, which further strengthened its position in Bohai Rim Region. On 20 December 2010, Yuzhou Properties further obtained the primary land development qualification of a parcel of land with a site area of approximately 2 million sq.m.

in Pinggu District, Beijing and held a signing ceremony with the local government, which laid a solid foundation for the Company to tap into Beijing and consolidate its development in the center of Bohai Rim Region.

Acquisition of new sites continually at low costs during the year has resulted in average land cost at a low level of approximately RMB1,620 per sq.m., which is far below the average current market price. In addition, we have participated in two large projects under primary development. These projects are expected to contribute significantly to the future earnings of the Group.

As of 31 December 2010, the aggregate saleable GFA of the Group's land reserves was over 4.91 million sq.m., of which saleable GFA of completed and unsold properties amounted to approximately 150,000 sq.m., saleable GFA of projects under development amounting to approximately 1.95 million sq.m. and the GFA of projects held for future development amounting to approximately 2.81 million sq.m.. In addition, we have two projects granted primary development qualification with expected aggregate GFA no less than 4 million sq.m..

Appointment of New Chief Executive Officer

Mr. Huang Zhibin joined the Company and was appointed as the chief executive officer and executive director in January 2011. We are honored to have him with us. He has been engaged in real estate planning, development and management for more than 17 years. He has a profound understanding of the real estate market in the West Strait Economic Zone, and acquired expertise in law-related issues. Undoubtedly, his joining in the Company has enhanced the strength of the management team of Yuzhou Properties, enabling the Company to develop into a quality listed company with professionalism and standardization.

Corporate Social Responsibilities

Pursuing its corporate mission of "Serve the community and requite the community"(服務社會，回報社會), the Group has been actively committed to its social responsibilities since its incorporation. Alongside the Company's development, we always keep this in our mind. Yuzhou Properties has placed as much emphasis upon fulfilling its social responsibilities of being a good corporate citizen. We have actively participated in various charity programs, such as Project Hope and other charitable activities like those concerning cultural education, relief activities, environmental protection, medical healthcare and urban transportation. We have actively participated in and organized relief activities to aid the earthquake-stricken people in Yushu, Qinghai. The Group donated RMB2 million to disaster-hit Nanping at a special evening party titled "Standing Together for Relief of Min (Fujian province) in Hard Times" ("風雨同舟情暖八閩") for aiding the flood-stricken Fujian Province, which was jointly organized by United Front Work Department of Fujian Provincial Party Committee (福建省委統戰部), Propaganda Department of Fujian Provincial Party Committee (省委宣傳部), International Federation of Red Cross Society of China, Fujian Branch (省紅十字會), Fujian Provincial Charity Federation (省慈善總會) and Fujian Federation of Industry and Commerce (省工商聯) in June 2010. This manifested the commitment to corporate social responsibilities and mission by offering a bit of help for the flood victims to rebuild their homes.

Property Management

Property management and after-sale services have always been the focus of the Group's business and services as the basis of our after-sale services and branch enhancement Huaqiao City Property Management Co., Ltd. (華僑城物業管理公司), a subsidiary of the Company, is committed to providing residents with safe, comfortable, convenient and high quality property management services, and will continue to improve the standard of services on such basis and constantly strive to provide property management services up to the international and professional standard, in accordance with our customers' demands. This helps us provide necessary supporting services for the project development activities and sustain a comprehensive development of the Group in the future.

Investor Relations

The Group has always placed emphasis on the interaction and communication with shareholders and investors. During the period, Morgan Stanley, the sole sponsor for the listing of the Company, organized a roadshow by the senior management of the Group in April 2010. BOC International, Nomura International and Royal Bank of Scotland, joint lead managers for the issue of senior notes by the Group, further organized an international roadshow by the senior management of the Group in November 2010, and made visits to and engagement with domestic and overseas investors. In addition, the management periodically attended various domestic and overseas investor seminars and investor meetings for multilateral and/or one-to-one communication with the investors. The management also actively organized and hosted numerous visits for domestic and overseas investors and analysts for our projects, thereby ensuring a timely and visual understanding of the latest development and future strategic planning of the Group by its investors.

Investor meetings attended by Yuzhou Properties in 2010 and 2011

Organizer	Name of the meeting	Venue	Time
BOC International	The Eighth BOCI Investors' Forum (第八屆中銀國際投資者會議)	Qingdao	11-16 May 2010
Morgan Stanley	2010 Hong Kong Investor Meeting (2010香港投資者會議)	Hong Kong	13-14 May 2010
J. P. Morgan	J. P. Morgan 2010 Annual Meeting for China (摩根大通2010年中國年會)	Beijing	8-11 June 2010
Goldman Sachs, Gao Hua Securities	2010 Annual Meeting of China's Investment Frontier (2010年中國投資前沿年會)	Beijing	1-2 November 2010
Bank of America-Merrill Lynch	China Investment Summit (中國投資峰會)	Beijing	1-5 November 2010
Yuanta Securities	Cross-Strait Communication Forum (海峽交流論壇)	Taipei	8-10 December 2010
Deutsche Bank	Deutsche Bank Annual Thematic Meeting for China (德銀中國主題年會)	Beijing	10-13 January 2011
UBS BANK	The Eleventh UBS BANK Seminar for the Greater China – Sunrise Glow Over China (第十一屆瑞銀大中華研討會–朝霞裡的中國)	Shanghai	17-21 January 2011

Development Strategies

The Group has formulated mid-term and long-term development strategies based on its judgment on the outlook of property market. Pursing our philosophy of "To build a town with faithfulness, to offer a home with love" (以誠建城，以愛築家), we conduct our business, in a manner to earn the confidence of our stakeholders and enhance our resources and competitive edge of our brands. The Group puts efforts to consolidate its dominant position in the West Strait Region, and further strengthen its position in the West Strait Economic Zone. Meanwhile, we also aim at gradual expansion in the economic zone of Yangtze River Delta Region, further building our presence in the Bohai Rim Region, so as to achieve the strategic objective of a nation-wide development of our operations. Based on the overall development needs, we continue to identify suitable projects with good prospects. On the other hand, we shall continue to seize market opportunities to replenish our high-quality land reserves timely to promote our sustainable development.

With the continued expansion of our business, our targeted saleable GFA started in 2011 are approximately 1.01 million sq.m.. We expect that our targeted GFA sold and the corresponding sales amount in 2011 will witness an increase as compared with 2010.

The Group entered into an agreement with China Life Trustees Limited, a company of the China Life Insurance (Overseas) Company Limited, in July 2010, for the issue of bonds in the aggregate principal amount of HK$1,000 million to specific subscribers. The bonds will mature in three years and bear an interest rate of 10% per annum. The Group successfully issued US$200 million (equivalent to approximately HK$1.56 billion) senior notes, with a maturity of five years and bearing a coupon interest rate of 13.5% in December 2010. These two successful financing activities further enhanced the liquidity of the Group, providing advantageous funding support for land acquisitions, and also laid a solid foundation for launching the product diversification strategy and long-term strategic development of the Group.

Outlook

As China's economy continues to grow, regional economies will become more balanced, and the level of urbanization is continuously increasing. The Group will continue to pursue our prudent development strategies in accordance with the macroeconomy, ensuring the shareholders and investors of the Company to be rewarded as the Company's business continues to grow in the future with diversified product portfolios, high-quality land reserves at low lost, healthy financial position and sound and long-term development. The Company will continue to provide our customers with properties of even higher performance-to-price ratio so as to make greater contributions to the society.

Appreciation

The efforts and contributions made by the Group's entire staff are essential for the Yuzhou Properties' development. I would like to express our sincere gratitude for the continuous support and trust from our shareholders, investors, business partners and customers on behalf of the Board. The entire staff of Yuzhou Properties is determined to forge ahead in unity and make steady progress to bring greater return for the shareholders.

Chairman
Lam Lung On

Hong Kong, 30 March 2011

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 2010.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
REVENUE	*2,3*	**4,265,558**	1,991,801
Cost of sales		**(2,488,175)**	(1,003,672)
Gross profit		**1,777,383**	988,129
Other income and gains	*2*	**18,402**	5,410
Selling and distribution costs		**(64,426)**	(48,038)
Administrative expenses		**(106,225)**	(57,213)
Other expenses		**(3,789)**	(21,955)
Fair value gains on investment properties		**276,015**	932,094
Finance costs	*5*	**(39,187)**	(1,158)
PROFIT BEFORE TAX	*4*	**1,858,173**	1,797,269
Income tax expense	*6*	**(892,868)**	(703,237)
PROFIT FOR THE YEAR		**965,305**	1,094,032
Attributable to:			
Owners of the Company		**963,601**	1,101,042
Non-controlling interests		**1,704**	(7,010)
		965,305	1,094,032
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
– Basic (RMB per share)		**0.40**	0.58
– Diluted (RMB per share)		**0.40**	0.58

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**181,388**	166,633
Investment properties		**2,890,747**	2,422,070
Prepaid land lease payments		**452,730**	512,463
Deferred tax assets		**186,418**	76,614
Total non-current assets		**3,711,283**	3,177,780
CURRENT ASSETS			
Prepaid land lease payments		**559,955**	404,148
Properties under development		**3,595,735**	3,585,106
Completed properties held for sale		**484,369**	688,704
Prepayments for acquisition for land		**2,781,641**	1,319,735
Prepayments, deposits and other receivables		**675,165**	367,987
Prepaid corporate income tax		**14,389**	15,844
Prepaid land appreciation tax		**37,386**	10,714
Restricted cash		**13,223**	1,755
Cash and cash equivalents		**2,719,446**	1,570,026
Total current assets		**10,881,309**	7,964,019
CURRENT LIABILITIES			
Receipts in advance		**1,910,434**	3,211,798
Trade payables	9	**914,147**	703,488
Other payables and accruals		**384,138**	181,202
Interest-bearing bank and other borrowings		**1,038,023**	783,000
Due to related parties		**–**	1,787
Tax payable		**460,067**	213,556
Provision for land appreciation tax		**776,741**	335,597
Total current liabilities		**5,483,550**	5,430,428
NET CURRENT ASSETS		**5,397,759**	2,533,591
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,109,042**	5,711,371

	Notes	**2010** *RMB'000*	2009 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,741,747**	1,446,050
Deferred tax liabilities		**543,266**	435,904
Total non-current liabilities		**4,285,013**	1,881,954
Net assets		**4,824,029**	3,829,417
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**211,528**	211,528
Reserves		**4,131,482**	3,335,070
Proposed final dividend	*7*	**224,394**	158,646
		4,567,404	3,705,244
Non-controlling interests		**256,625**	124,173
Total equity		**4,824,029**	3,829,417

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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKAS 12 Amendment	Amendment to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) -Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In October 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the “Additions”) and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option (“FVO”). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (“OCI”). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group’s policies are as follows:

(a) HKFRS 3 Business *Combinations:* Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

    In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree’s identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

    The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements:* Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements:* Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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:

	2010	2009
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**4,198,037**	1,940,884
Rental income	**33,654**	25,008
Property management fees	**33,867**	25,909
	4,265,558	1,991,801
Other income and gains		
Bank interest income	**8,818**	2,084
Rental income from properties held for sale	**3,194**	2,723
Others	**6,390**	603
	18,402	5,410

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 the Group's 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, 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, 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.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2010

	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	4,198,037	33,654	33,867	–	–	4,265,558
Other revenue	5,926	–	239	–	3,419	9,584
Total	4,203,963	33,654	34,106	–	3,419	4,275,142
Segment results	1,595,484	288,845	5,960	(446)	(1,301)	1,888,542
Reconciliation:						
Interest income						8,818
Finance costs						(39,187)
Profit before tax						1,858,173
Tax						(892,868)
Profit for the year						965,305
Segment assets	18,234,162	3,816,173	144,209	771,491	2,724,494	25,690,529
Reconciliation:						
Elimination of intersegment receivables						(14,068,799)
Corporate and other unallocated assets						2,970,862
Total assets						14,592,592

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment liabilities	**10,396,515**	**599,876**	**78,796**	**8,732**	**6,193,599**	**17,277,518**
Reconciliation:						
Elimination of intersegment payables						**(14,068,799)**
Corporate and other unallocated liabilities						**6,559,844**
Total liabilities						**9,768,563**
Other segment information:						
Depreciation and amortisation	**20,370**	**470**	**342**	**–**	**368**	**21,550**
Capital expenditure	**751,487**	**155,437**	**193**	**8,026**	**1,348**	**916,491***
Fair value gains on investment properties	**–**	**276,015**	**–**	**–**	**–**	**276,015**

* 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 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

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Total RMB'000
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.

4. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2010 ***RMB'000***	2009 *RMB'000*
Cost of properties sold	**2,471,694**	983,790
Amortisation of prepaid land lease payments	**16,492**	10,886
Depreciation	**5,058**	4,856
Loss on disposal of items of property, plant and equipment	**979**	–
Gain on disposal of investment properties	**(2,351)**	–
Minimum lease payments under operating leases for land and buildings	**3,225**	1,337
Auditors' remuneration	**2,125**	1,770
Employee benefit expense (including directors' remuneration		
Wages and salaries	**28,318**	24,411
Retirement benefit scheme contributions	**2,676**	1,843
	30,994	26,254
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**8,229**	4,335

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group 2010 RMB'000	2009 RMB'000
Interest on bank loans wholly repayable within five years	**126,970**	100,319
Interest on bank loans wholly repayable beyond five years	**17,001**	15,123
Interest on other loans	**34,296**	7,223
Total interest expense on financial liabilities not at fair value through profit or loss	**178,267**	122,665
Less: Interest capitalised	**(139,080)**	(121,507)
	39,187	1,158

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 (2009: 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 2010 RMB'000	2009 RMB'000
Current:		
PRC corporate income tax	**435,243**	162,570
PRC land appreciation tax	**460,067**	333,414
	895,310	495,984
Deferred:		
Current year	**(2,442)**	207,253
Total tax charge for the year	**892,868**	703,237

7. DIVIDEND

	2010	2009
	RMB'000	*RMB'000*
Proposed final – HK11 cents (2009: HK7.5 cents) per ordinary share	**224,394**	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

The calculation of the basic earnings per share amount for the year ended 31 December 2010 is based on the profit for the year attributable to equity holders of the Company of RMB963,601,000 (2009: RMB1,101,042,000) and the weighted average number of ordinary shares of 2,400,000,000 (2009: 1,898,630,137) in issue during the year, on the assumption that the group reorganisation and the capitalisation issue in connection with the listing of Company's shares on The Stock Exchange of Hong Kong Limited had been completed on 1 January 2009.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

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	
	2010	2009
	RMB'000	*RMB'000*
Due within 1 year or on demand	**679,738**	257,669
Due within 1 to 2 years	**234,409**	445,819
	914,147	703,488

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

In 2010, the Mainland property market maintained its uptrend momentum in 2009. In order to cool down the markets, the central government introduced a series of control measures for the property market, which resulted in prolonged adjustment of the market. These measures were designed to control and curtail property transactions for investment and speculation purposes, though they also resulted in restraining part of the demand for self-occupation purposes. Consequently, there was a significant drop in transaction volume of the property market, particularly in first and second tier cities, during the second half of the year. In the backdrop of prudent monetary policy measures launched by the government, the property market can not rule out further pressure from some more new control measures in 2011. In light of the prevailing macro-economic environment and developing trends of the market, the Group has taken timely measures to respond to these market or potential changes. The management system has been proactively reformed for adopting effective strategies for project development and marketing.

Overall Performance

During the year, turnover of the Group was RMB4,265.56 million, representing a significant increase of 114.2% as compared with the previous year. Gross profit was RMB1,777.38 million, representing a significant increase of 79.9% as compared with the previous year. Gross profit margin was 41.7%. Profit attributable to shareholders was RMB963.60 million and basic earnings per share was RMB40 cents. Core profit attributable to shareholders amounted to RMB756.59 million while core earnings per share was RMB32 cents. The Board proposed a final dividend of HK$264.00 million (HK11 cents per share) for the year ended 31 December 2010.

Land Reserves

The Group possesses quality land reserves at low cost. As at 31 December 2010, the aggregate GFA of the Group's land reserves was 4.92 million sq.m., located in five first and second tier cities in the West Strait Economic Zone, the Yangtze River Delta Region and Bohai Rim Region, with an average land cost of approximately RMB1,620 per sq.m.. In view of the primary land development qualification of two projects obtained by the Company, the Group believes that its land reserves currently held and managed are sufficient for future development over a period of five to six years.

Saleable GFA of Land Reserves (sq.m.)
As at 31 December 2010

Region	**Area** *(sq.m.)*
West Strait Economic Zone	
Xiamen	2,475,701
Fuzhou	435,425
Sub-total	2,911,126
Yangtze River Delta Region	
Shanghai	391,143
Hefei	1,165,936
Sub-total	1,557,079
Bohai Rim Region	
Tianjin	449,793
Sub-total	449,793
Total	4,917,998

Primary Land Development Qualification (sq.m.)
As at 31 December 2010

Region	Area *(sq.m.)*
West Strait Economic Zone	
Quanzhou	2,238,000*
Sub-total	2,238,000
Bohai Rim Region	
Beijing	1,946,676**
Sub-total	1,946,676
Total	4,184,676

During the year, the Group acquired 10 new parcels of quality land with an aggregate saleable GFA of 1,259,307 sq.m., at an average land cost of approximately RMB1,548 per sq.m., which is far below the market level. The new parcels of land acquired are located in Quanzhou, Shanghai, Tianjin and Xiamen respectively, and are expected to provide satisfactory returns to the Group in the next two to three years. In addition, the Group also signed for two primary land development projects, which are located in Quanzhou and Beijing respectively, during the year. The two projects are expected to complete in one or two years and provide satisfactory return to the Group.

* It represents the aggregate GFA agreed under the framework agreement
** It represents the site area under the framework agreement

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

Name of Project	City	GFA *(sq.m.)*	Land cost *(RMB'000)*	Average land cost *(RMB/sq.m.)*
West Strait Economic Zone				
Sunshine Garden (originally Tongan site)	Xiamen	59,290	94,000	1,585
Group Realty T2010P04	Xiamen	322,000	505,600	1,570
Group Realty T2010P05	Xiamen	190,600	364,000	1,910
Sub-total		571,890	963,600	1,685
Yangtze River Delta Region				
Yuzhou Commercial Plaza (Xiersi)	Shanghai	110,460	261,500	2,367
Yuzhou Financial Building (Kangyi)	Shanghai	28,670	75,000	2,616
Hai Tian Commercial Plaza (Lingang Nankai)	Shanghai	98,494	142,255	1,444
Sub-total		237,624	478,755	2,015
Bohai Rim Region				
Tuanbo Commercial Site No. 2010-48	Tianjin	70,547	47,116	668
Tuanbo Commercial Site No. 2010-49	Tianjin	108,903	121,245	1,113
Jinghai Residential Site No. 2010-85	Tianjin	142,432	201,200	1,413
Jinghai Residential Site No. 2010-86	Tianjin	127,911	137,822	1,077
Sub-total		449,793	507,383	1,128
Total		**1,259,307**	**1,949,738**	**1,548**

Name of Primary Land Development Project	City	GFA
		(sq.m.)
Quanzhou site	Quanzhou	2,238,000
Beijing site	Beijing	1,946,676
Total		4,184,676

Sale of Properties

Recognized area sold and recognized sales of each project in 2010 are set out in the following table:

Name of Project	City	Saleable GFA	Amount	Average Selling Price
		(sq.m.)	*(RMB'000)*	*(RMB)*
West Strait Economic Zone				
Yuzhou World Trade Center	Xiamen	52,975	742,793	14,022
Yuzhou Golden Seacoast	Xiamen	115,864	1,009,387	8,712
Yuzhou Galaxy Garden (Champagne City)	Xiamen	38,752	347,873	8,977
Phase I of Yuzhou University City	Xiamen	191,259	805,663	4,212
Others	Xiamen	7,488	50,249	6,711
Sub-total		406,338	2,955,965	7,275
Yangtze River Delta Region				
Phase III of Yuzhou Jinqiao International	Shanghai	58,127	906,054	15,587
Phase II of Yuzhou Jinqiao International	Shanghai	6,894	117,194	16,999
Phase I of Yuzhou Skyline	Hefei	56,923	218,824	3,844
Sub-total		121,944	1,242,072	10,186
Total		**528,282**	**4,198,037**	**7,947**

In 2010, the Group recognized sales amount and area sold of RMB4,198.04 million and approximately 528,282 sq.m., representing a significant increase of 116% and 183% respectively as compared with 2009. The average selling price per sq.m. decreased from RMB10,403 in 2009 to RMB7,947 in 2010. Among the recognized sales, Xiamen accounted for RMB2,955.97 million, representing 70% of the total recognized sales and an increase of 12.5% as compared with 2009. The recognized total area sold in Xiamen was 406,338 sq.m., representing an increase of 175% as compared with 2009. Recognized sales in Shanghai amounted to RMB1,023.25 million, representing 24% of the total recognized sales and an increase of 64% as compared with 2009. The recognized total area sold in Shanghai was 65,021 sq.m., representing an increase of 67% as compared with 2009. The recognized sales and recognized area sold in Hefei amounted to RMB218.82 million and 56,923 sq.m., respectively, representing 5% and 11% of the total recognized sales and recognized total area sold, respectively. The Group did not recognize any sales in Hefei in 2009.

Contracted sales and area of each project in 2010 are set out in the following table:

Name of Project	**City**	**Saleable GFA** *(sq.m.)*	**Amount** *(RMB'000)*	**Average Selling Price** *(RMB)*
West Strait Economic Zone				
Yuzhou World Trade Center	Xiamen	20,932	394,113	18,828
Yuzhou Golden Seacoast	Xiamen	40,457	668,835	16,532
Yuzhou Galaxy Garden (Champagne City)	Xiamen	10,469	68,331	6,527
Phase I of Yuzhou University City	Xiamen	7,792	62,276	7,992
Phase II of Yuzhou University City (Huandong International)	Xiamen	84,074	561,676	6,681
Yuzhou Castle above City (Diyuan Manor)	Xiamen	97,317	1,569,180	16,124
Yuzhou Gu Shan No. One	Fuzhou	22,550	571,417	25,340
Yuzhou Oriental Venice	Fuzhou	20,752	432,742	20,853
Others	Xiamen	14,483	104,276	7,200
Sub-total		318,826	4,432,846	13,904
Yangtze River Delta Region				
Phase IV of Yuzhou Jinqiao International (Land Dream)	Shanghai	5,488	108,739	19,814
Phase III of Yuzhou Jinqiao International	Shanghai	10,358	290,458	28,042
Phase I and Phase II of Yuzhou Jinqiao International (residual part)	Shanghai	4,828	181,153	37,521
Phase I of Yuzhou Skyline	Hefei	41,533	204,078	4,914
Sub-total		62,207	784,428	12,610
Total		**381,033**	**5,217,274**	**13,692**

In 2010, contracted sales area of the Group was approximately 380,000 sq.m., representing a decrease of 23% as compared with 2009, and the contracted sales was approximately RMB5,217.27 million, representing an increase of 35% as compared with 2009. Of the contracted sales, the amount for Xiamen was RMB3,428.69 million, representing 66% of the total contracted sales and an increase of 32% as compared with 2009. The total contracted sales area in Xiamen was 275,524 sq.m., representing a decrease of 27% as compared with 2009. During the year, the Group maintained its leading position in the Xiamen market. It has become the largest residential property developer in Xiamen in terms of contracted sales area, with a residential property market share of 9.5%. The contracted sales in Shanghai was RMB580.35 million, representing 11% of the total contracted sales and a decrease of 43% as compared with 2009. The total contracted sales area in Shanghai was 20,674 sq.m., representing a decrease of 68% as compared with 2009. The contracted sales in Hefei was RMB204.08 million, representing an increase of 11% as compared with 2009. The total contracted sales area in Hefei was 41,533 sq.m., representing a decrease of 10% over 2009.

Property Investment

Phase I and Phase II of World Trade Center (Xiamen)

The revenue of World Trade Center during the year was derived from the shopping mall and amounted to RMB29.53 million (2009: RMB25.01 million), representing an increase of 18.1%. During the year, the mall at Phase I of World Trade Center continued to maintain a high occupancy rate of approximately 100% (2009: 100%). The occupancy rate of Phase II of World Trade Center was 84% (2009: 60%), as it had just commenced operations in 2009. However, we expect the occupancy rate of this project to increase to the level of Phase I of World Trade Center in the future. The mall not only managed to retain its existing tenants but also attracted certain renowned brands such as PCD Stores and Walmart as new tenants.

Yuzhou Golden Seacoast (Xiamen)

The Yuzhou World Trade Plaza (禹洲 • 世貿生活廣場) project has a saleable 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 with large-scale complexes, supermarkets and department stores. Initial business solicitation for the commercial section is in progress as delivery of the residential units of the project had just completed in the current year. We expect that Yuzhou World Trade Plaza will generate a considerable increase in rental income for the Group in the future.

Phase I and Phase II of Yuzhou Jinqiao International (Shanghai)

Yuzhou Jinqiao International is designed as a one-stop commercial complex of saleable area with approximately 16,000 sq.m. and features certain famous brands. Business solicitation for Phase I and Phase II, comprising a saleable area of approximately 8,500 sq.m., had been carried out throughout 2009 and operations had commenced. The rental income was RMB2.28 million for the year ended 31 December 2010.

Hotel Operation

The Group continues to expand the hotel business in a sound and prudent manner so as to build a diversified property portfolio. We believe the expansion into the hotel industry would widen sources and stability of revenue, and reduce the risks of over-reliance on any particular real estate segment. The hotel project of the Group is still under development and construction. There was no income generated from hotel operations 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 is committed to continuously improving the living environment and enhancing service quality in order to maintain high level of customer satisfaction.

In 2010, the property management service companies of the Group recorded property management fee income of RMB33.87 million, representing an increase of 30.7% as compared with 2009. As at 31 December 2010, the aggregate GFA managed by the property management service companies of the Group in the Mainland China was approximately 1.53 million sq.m., and these companies serviced more than 14,600 owners.

Gross Profit

The gross profit of the Group increased by 79.9% from RMB988.13 million in 2009 to approximately RMB1,777.38 million in 2010. The gross profit margin decreased from 49.6% in 2009 to 41.7% in 2010. It was mainly due to a decrease in average selling price resulting from the changes of the project portfolio. The ratio of land cost to average selling price was maintained at a reasonably low level of 17.7%, and this 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 34.1% from approximately RMB48.04 million in 2009 to approximately RMB64.43 million in 2010. It was mainly due to the extensive promotional programs for new property projects. Substantial investment for advertising in the market increased the costs of advertising by 5.2%, from approximately RMB26.67 million in 2009 to approximately RMB28.07 million in 2010. In addition, pre-sale of new property projects, Phase II of Yuzhou University City and Yuzhou Castle Above City, commenced in 2010, which also led to a rise in selling and marketing costs during the year.

Administrative Expenses

Administrative expenses of the Group increased by 85.7% from approximately RMB57.21 million in 2009 to approximately RMB106.23 million in 2010. It was mainly because the Group had recruited a number of talents and thus increased the wage level.

Fair Value Gains on Investment Properties

Fair value gains on investment properties decreased from RMB932.09 million in 2009 to RMB276.02 million in 2010. It was mainly due to completion of investment properties, namely Phase II of Yuzhou World Trade Center, Phase I of Yuzhou Golden Seacoast and the Mall at Phase II of Yuzhou Jinqiao International. Values of these projects were accounted for on the fair value basis, instead of cost, in 2009, while only Phase III of Yuzhou Jinqiao International and Phase II of Yuzhou Golden Seacoast were completed during the year.

Profit Attributable to Shareholders

Profit attributable to shareholders decreased by 12.5% from approximately RMB1,101.04 million in 2009 to approximately RMB963.60 million in 2010. Core profit attributable to shareholders increased by 88.5% from approximately RMB401.39 million in 2009 to RMB756.59 million. The decrease in profit attributable to shareholders for the year was only due to the decrease in fair value gains on investment properties, which was the Group's one-off gains, while performance of the Group's core profit was still strong.

FINANCIAL REVIEW

Borrowings

The Group will continue to comply with the prudent financial policies. As at 31 December 2010, the Group had bank loans and bonds balance of RMB4,779.77 million, with maturities as follows:

Maturity	**2010**	2009
	(RMB'000)	*(RMB'000)*
Within 1 year	**1,038,023**	783,000
1 to 2 years	**294,400**	196,050
2 to 5 years	**3,142,347**	875,000
Over 5 years	**305,000**	375,000
Total	**4,779,770**	2,229,050

As at 31 December 2010, the bank borrowings of the Group was RMB2,659.42 million, and was secured by the investment properties and properties under development of the Group with an aggregate carrying value of RMB5,151.01 million.

Gearing Ratio

As at 31 December 2010, the net current assets of the Group increased by 113.1% to RMB5,397.76 million as compared with 2009. The current ratio rose from 1.47 times in 2009 to 1.98 times in 2010. As at 31 December 2010, the net debt to equity ratio (bank loans less cash on hand and divided by total equity) of the Group improved to a rather low level of 42.4% (2009: 17.2%), which was at a low level among its peers in the industry. This provides leeway for the Group to comfortably increase its debt for business expansion during the consolidation phase of the real estate market.

Finance Expenses

During the year, the total cost of borrowings of the Group was RMB178.27 million, an increase by RMB55.60 million as compared with 2009, of which RMB139.08 million were capitalised as cost of projects, representing an increase of RMB17.57 million as compared with 2009.

Currency Risk

The proportions of bank borrowings, bonds, senior notes balance and cash balance of the Group in terms of currencies were as follows:

	Bank Borrowings, Senior Notes and Bonds Balance *(RMB'000)*	**Cash Balance** *(RMB'000)*
HK$	849,979	147,350
RMB	2,659,423	1,322,591
US$	1,270,368	1,262,728
Total	4,779,770	2,732,669

Operations of the Group are almost wholly conducted in RMB. Apart from the cash at bank, bonds and Senior notes 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 Mainland China of the Group. As at 31 December 2010, undue buy-back guarantees amounted to RMB3,205.72 million (2009: RMB2,379.72 million).

Return on Equity

For the year ended 31 December 2010, return on equity represented profit attributable to shareholders divided by the average of equity attributable to shareholders of the Company at beginning and end of the period. Return on equity in 2010 was 23.3%.

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.

	2010	2009
Profit attributable to shareholders of the Company *(RMB'000)*	**963,601**	1,101,042
Less: fair value gains on investment properties, net of deferred tax *(RMB'000)*	**207,012**	699,650
Core profit attributable to shareholders of the Company *(RMB'000)*	**756,589**	401,392
Weighted average number of ordinary shares in issue *('000)*	**2,400,000**	1,898,630
Basic earnings per share *(RMB per share)*	**0.40**	0.58
Core earnings per share *(RMB per share)*	**0.32**	0.21

As no shares with potential dilutive effect were issued during the year ended 31 December 2010, 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 tax.

Commitment

As at 31 December 2010, the Group had commitments in respect of development expenditure on real estate of approximately RMB1,393.97 million (approximately RMB1,275.33 million in 2009). The Group also committed to the payment of land premium in respect of land acquisition of approximately RMB1,698.00 million (approximately RMB1,907.9 million in 2009).

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 15 March 2011 *(RMB in million)*
Land, construction and other costs relating to projects of Yuzhou International Hotel, Yuzhou Square (Previously named as "Yuzhou Gangyi Square"), Yuzhou Gu Shan No. One and Oriental Venice	389	389
Finance for new projects	973	973
General working capital	28	28
	1,390	1,390

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 strict implementation of the best international practices 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 best international practice in respect of strict management system and corporate governance.

As at 31 December 2010, the Group had a total staff of 1,247. For the year ended 31 December 2010, the total staff costs (including directors' fees) amounted to RMB30.99 million (RMB26.25 million in 2009).

PAYMENT OF DIVIDEND

The Board proposed a final dividend of HK11 cents per share for the year ended 31 December 2010, subject to approval of 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 dividend in due course.

PURCHASE, SALE OR 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 DEALINGS

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "Securities Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix 10 to 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 2010.

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 2010.

APPRECIATION

Lastly, I would like to express my sincere gratitude to 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 2011

As at the date of this announcement, the Board comprises Mr. Lam Lung On (Chairman), Ms. Kwok Ying Lan (Vice Chairman), Mr. Huang Zhibin, Mr. Lin Longzhi and Mr. Lin Conghui as executive directors, and Mr. Gu Jiande, Mr. Lam Kwong Siu and Mr. Wee Henny Soon Chiang as 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 2010 Annual Report will also be available at the aforementioned websites on or about 10 April 2011 and will be despatched to shareholders of the Company thereafter.