禹洲地產股份有限公司
YUZHOU PROPERTIES COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01628)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

1. Turnover increased by 8.1% to RMB1,032.20 million as compared with the corresponding period of previous year.

2. Cash and bank balances (including restricted cash) as at 30 June 2013 surged by 24.2% from RMB3,728.62 million as at the end of 2012 to RMB4,630.80 million. Net debt ratio was 58.8%, representing a decrease of 3.3 percentage points, as compared with the end of 2012.

3. Basic earnings per share was RMB4.35 cents. Profit attributable to shareholders soared by 43.6% from RMB104.76 million in the first half of 2012 to RMB150.45 million in the first half of 2013.

4. Shareholders' funds amounted to RMB6,019.25 million, representing an increase of 0.3% as compared with the end of 2012. Net assets per share was RMB1.74.

5. The contracted sales in the current period was RMB5,699.11 million, representing a period-on-period growth of 50.0%.

6. Leveraging on the property market condition during the period, the Group acquired three new parcels of land, adding approximately 1.84 million sq.m. gross floor area ("GFA") to its attributable land reserve and reducing the average land cost to RMB1,280 per sq.m.. At the end of the period, the Group had an aggregate saleable land reserve of approximately 8.40 million sq.m. GFA.

The board of directors (the "**Board**") of Yuzhou Properties Company Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2013.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Notes	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
REVENUE	2	**1,032,203**	954,849
Cost of sales		**(701,644)**	(524,279)
Gross profit		**330,559**	430,570
Other income and gains	2	**48,287**	19,290
Selling and distribution costs		**(57,046)**	(45,776)
Administrative expenses		**(97,015)**	(72,987)
Other expenses		**(666)**	(643)
Fair value (losses)/gains on investment properties		**43,272**	(75,655)
Finance costs	5	**(101,261)**	(75,290)
Share of result of a joint-controlled entity		**(2,695)**	(996)
PROFIT BEFORE TAX	4	**163,435**	178,513
Income tax expense	6	**(7,025)**	(81,027)
PROFIT FOR THE PERIOD		**156,410**	97,486
Attributable to:			
Owners of the Company		**150,453**	104,762
Non-controlling interests		**5,957**	(7,276)
		156,410	97,486
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		(Restated)
– Basic		**RMB4.35 cents**	RMB3.03 cents
– Diluted		**RMB4.35 cents**	RMB3.03 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	Note	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**222,259**	204,508
Investment properties		**3,763,200**	3,643,100
Prepaid land lease payments		**434,344**	437,091
Investment in a jointly-controlled entity		**132**	176,498
Prepayment for acquisition of a project company		**206,000**	–
Deposit for acquisition of property, plant and equipment		**24,452**	–
Deferred tax assets		**177,800**	226,875
Total non-current assets		**4,828,187**	4,688,072
CURRENT ASSETS			
Prepaid land lease payments		**709,813**	420,000
Properties under development		**10,561,984**	9,391,436
Completed properties held for sale		**2,337,996**	2,024,106
Prepayments for acquisition for land		**1,480,466**	1,155,012
Prepayments, deposits and other receivables		**1,145,749**	787,748
Prepaid corporate income tax		**114,758**	29,845
Prepaid land appreciation tax		**142,919**	31,699
Financial assets at fair value through profit or loss		**18,206**	6,230
Derivative financial instrument		**44,099**	15,078
Restricted cash		**371,055**	398,192
Cash and cash equivalents		**4,259,749**	3,330,425
Total current assets		**21,186,794**	17,589,771
CURRENT LIABILITIES			
Receipts in advance		**7,496,436**	4,083,019
Trade payables	*9*	**1,604,838**	1,992,076
Other payables and accruals		**777,125**	378,069
Interest-bearing bank and other borrowings		**2,952,277**	2,479,012
Tax payable		**560,997**	765,697
Provision for land appreciation tax		**685,359**	919,515
Total current liabilities		**14,077,032**	10,617,388
NET CURRENT ASSETS		**7,109,762**	6,972,383
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,937,949**	11,660,455

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**5,274,049**	5,030,219
Deferred tax liabilities	**547,578**	538,751
Total non-current liabilities	**5,821,627**	5,568,970
Net assets	**6,116,322**	6,091,485
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**250,918**	250,918
Reserves	**5,768,330**	5,518,719
Proposed dividend	**–**	231,047
	6,019,248	6,000,684
Non-controlling interests	**97,074**	90,801
Total equity	**6,116,322**	6,091,485

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; property management fee income, net of business tax, received and receivable from provision of property management services and the net invoiced value from trading of construction materials, after allowances for returns and trade discounts during the period. An analysis of the Group's revenue, other income and gains is as follows:

For the six months ended 30 June

	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	**974,533**	898,444
Rental income	**24,960**	24,202
Property management fees	**27,667**	22,664
Sales of construction materials	**5,043**	9,539
	1,032,203	954,849

	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	**13,101**	11,939
Rental income from properties held for sale	**2,162**	851
Gain on disposal of investment properties	**1,282**	–
Fair value gain on derivative financial instrument	**23,012**	–
Others	**8,730**	6,500
	48,287	19,290

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.

For the six months ended 30 June 2013

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
(Unaudited)						
Segment revenue:						
Sales to external customers	974,533	24,960	27,667	–	5,043	1,032,203
Other revenue	6,341	2,417	1,731	–	403	10,892
Total	980,874	27,377	29,398	–	5,446	1,043,095
Segment results	184,137	63,042	(1,104)	(160)	5,680	251,595
Reconciliation:						
Interest income						13,101
Finance costs						(101,261)
Profit before tax						163,435
Income tax expense						(7,025)
Profit for the period						156,410

For the six months ended 30 June 2012

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
(Unaudited)						
Segment revenue:						
Sales to external customers	898,444	24,202	22,664	–	9,539	954,849
Other revenue	2,568	183	1,712	–	2,888	7,351
Total	901,012	24,385	24,376	–	12,427	962,200
Segment results	309,135	(61,830)	(1,587)	(6)	(3,848)	241,864
Reconciliation:						
Interest income						11,939
Finance costs						(75,290)
Profit before tax						178,513
Income tax expense						(81,027)
Profit for the period						97,486

4. PROFIT BEFORE TAX

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

For the six months ended 30 June

	2013 *RMB'000* **(Unaudited)**	2012 *RMB'000* (Unaudited)
Cost of inventories sold	**4,965**	6,018
Cost of properties sold	**671,248**	497,186
Amortisation of prepaid land lease payments	**9,800**	9,970
Depreciation	**5,887**	4,879
Gain on disposal of investment properties	**1,282**	–
Fair value gain on derivative financial instrument	**(23,012)**	(549)
Loss on disposal of items of property, plant and equipment, net	**118**	3,083

5. FINANCE COSTS

An analysis of finance costs is as follows:

For the six months ended 30 June

	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**141,076**	120,115
Interest on bank loans wholly repayable beyond five years	**17,287**	11,290
Interest on other loans	**236,935**	155,197
Total interest expense on financial liabilities not at fair value through profit or loss	**395,298**	286,602
Less: Interest capitalised	**(294,037)**	(211,312)
	101,261	75,290

6. INCOME TAX EXPENSE

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 six months ended 30 June 2013 (six months ended 30 June 2012: Nil). The income tax for the subsidiaries operating in the People's Republic of China (the "PRC") is calculated at the applicable tax rates on the taxable profits for the six months ended 30 June 2013.

During the six months ended 30 June 2013, the Group filed and agreed with the local tax bureaus in the PRC the computation for the LAT of property development projects that had been completed and sold in previous years. As a result of the local tax bureau's assessments, the Group has reversed and recognised an overprovision for LAT on the relevant property development projects of RMB157,583,000 (six months ended 30 June 2012: RMB104,282,000) to the consolidated income statement for the period.

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

For the six months ended 30 June

	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current:		
PRC corporate income tax	**41,386**	73,593
PRC land appreciation tax		
Charge for the period	**65,320**	108,609
Overprovision in prior years	**(157,583)**	(104,282)
	(50,877)	77,920
Deferred:		
Current period	**18,506**	(22,963)
Reversal of deferred tax assets on LAT overprovided in prior years	**39,396**	26,070
	57,902	3,107
Total tax charge for the period	**7,025**	81,027

7. DIVIDEND

The board of directors of the Company resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: HK2 cents).

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

The calculation of the basic earnings per share amount for the period ended 30 June 2013 is based on the profit for the period attributable to equity holders of the Company of RMB150,453,000 (six months ended 30 June 2012: RMB104,762,000) and the weighted average number of ordinary shares of 3,455,999,999 (six month ended 30 June 2012: 3,455,999,999, as restated) in issue after the reporting period, as adjusted to reflect the bonus issue subsequent to the reporting period.

Weighted average number of ordinary shares

For the six months ended 30 June

	2013	2012
	Number of shares	*Number of shares*
Weighted average number of ordinary shares before bonus issue	**2,880,000,000**	2,880,000,000
Effect of bonus issue	**575,999,999**	575,999,999
Weighted average number of ordinary shares after bonus issue	**3,455,999,999**	3,455,999,999

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2013 in respect of a dilution as the impact of the share options outstanding during the current period had an anti-dilutive effect on the basic earnings per share amount presented in the current period.

No adjustment has been made to the basic earnings per share amounts for the period ended 30 June 2012 in respect of a dilution as the impact of the warrants outstanding during the prior period had an anti-dilutive effect on the basic earnings per share amounts presented in the prior period.

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:

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Due within 1 year or on demand	**1,441,893**	1,767,382
Due within 1 to 2 years	**162,945**	224,694
	1,604,838	1,992,076

The trade payables are non-interest-bearing and unsecured.

10. EVENTS AFTER REPORTING PERIOD

(a) On 25 July 2013, the Company entered into an investment agreement with China Life Trustees Limited (the "Subscriber"), pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to issue, 10% guaranteed bonds (the "Bonds") in the aggregate principal amount of HK$1,500,000,000 due in 2019. The Bonds are guaranteed by Mr. Lam Lung On ("Mr. Lam") and Ms. Kwok Ying Lan ("Ms. Kwok"), directors of the Company, and certain subsidiaries of the Group and secured by share charge of 23.99% of the entire issued share capital of the Company held by Mr. Lam and Mr. Kwok. Up to the date of this interim financial information, the Company completed the issue of the Bonds in the principal amount of HK$1,500,000,000 (approximately RMB1,185,490,000).

(b) In July 2013, a subsidiary of the Company won a bid to acquire a parcel of land located in Shanghai, the PRC, through public bidding. The consideration of the land is RMB1,316,660,000, of which the subsidiary has paid RMB658,330,000 as of the date this interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2013, the Group recorded upbeat sales data thanks to a rebound in sales which was mainly driven by home buyers coming back to the market, indicating huge solid demand in Mainland China. Sales increase not only drew down stocks but generated cash inflows, improved financial conditions, enhanced bargaining power and increased profit margin. We expect sales to remain robust in the next few months.

Stable property prices and rising property sales is ideal for Mainland China as it boosts related industries and helps economic recovery. Therefore, we expect that policies will aim to regulate rather than crack down on the property industry to slow down the economic rebound. Generally speaking, as long as property developers maintain a quick turnover in the current environment of slower Chinese economic growth, they will outperform many other industries.

In the first half of the year, the Group adopted flexible strategies for project development and marketing and launched a number of projects meeting solid demand including Yuzhou Shoreline, Yuzhou Central Coast and Yuzhou Skyline. As a result of these efforts, contracted sales reached RMB5,699.11 million, a significant increase of 50.0% as compared with the same period last year. We are proud of excellent performance of market share for Xiamen and Heifei. For instance, in terms of saleable GFA sold, the Group ranked number one in Xiaman and our project, Yuzhou Skyline, ranked in the top three in Heifei.

In addition, we believe execution, sell-through rate and profit ratio are very important for investment decisions. During the period, leveraging on the depression of the property market, we acquired three parcels of land with the average land cost of RMB1,280 per sq.m. and the aggregate GFA of approximately 1.84 million sq.m. which average cost is far below the market level. We expect this investment will provide satisfactory returns to the Group in the future.

The Group also received a number of widely recognized honours and awards during the period. For instance, the Group was awarded "The 2013 China Mainland Real Estate Company Top 10 Listed in Hong Kong in terms of Investment Value Ranking" from China Real Estate Top 10 Research Team, consisting of Enterprise Research Institute of Development Research Center of the State Council of P.R.China, Institute of Real Estate studies of Tsinghua University and China Index Academy. The Group was also awarded "2013 Top 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths" from China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal. Our brand image is getting stronger and stronger.

Overall Performance

During the period, turnover of the Group was RMB1,032.20 million, representing an increase of 8.1% as compared with the corresponding period of the previous year. Gross profit was RMB330.56 million and gross profit margin was 32.0%. Profit attributable to shareholders recorded an increase of 43.6% to RMB150.45 million. Basic earnings per share was RMB4.35 cents. Core profit attributable to shareholders was RMB94.99 million. Core earnings per share was RMB2.75 cent. The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2013.

Attributable Land Reserves

The Group possesses quality land reserves with low land cost. As at 30 June 2013, the aggregate GFA of the Group's saleable land reserves was 8.40 million sq.m. with an average land cost of approximately RMB1,476 per sq.m. and are located in nine first and second tier cities in the West Strait Economic Zone, the Yangtze River Delta Region and Bohai Rim Region. The Group believes that its land reserves currently held and managed are sufficient for the next five to six years future development.

GFA of Attributable Land Reserves (sq.m.)
As at 30 June 2013

Region	**GFA** *(sq.m.)*
West Strait Economic Zone	
Xiamen	2,546,742
Fuzhou	296,396
Quanzhou	1,315,200
Longyan	312,330
Zhangzhou	255,000
Sub-total	4,725,668
Yangtze River Delta Region	
Shanghai	516,947
Hefei	2,039,292
Bengbu	668,333
Sub-total	3,224,572
Bohai Rim Region	
Tianjin	450,656
Sub total	450,656
Total	8,400,896

During the period, the Group acquired three new parcels of high quality land with an aggregate GFA of 1,842,031 sq.m. and an average land cost of approximately RMB1,280 per sq.m., the average land cost is far below the market level. The new parcels of land acquired are located in Bengbu, Hefei and Zhangzhou, and are expected to provide satisfactory returns to the Group in the next three to four 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 *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Zhangzhou Project	Zhangzhou	612,000	255,000	2,400
Yangtze River Delta Region				
Yuzhou Prince Lakeshire	Bengbu	441,100	668,333	660
Yuzhou Feidong Project	Hefei	1,305,618	918,698	1,421
Total		2,358,718	1,842,031	1,280

Sale of Properties

The recognized sales and area sold of each project in the first half of 2013 are set out in the following table:

Name of Project	City	Amount *(RMB'000)*	Saleable GFA *(sq.m.)*	Average Selling Price (after tax) *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Golf	Xiamen	446,742	47,316	9,442
Yuzhou Gushan No.One	Fuzhou	134,823	8,314	16,216
Yuzhou Castle above City	Xiamen	125,703	7,051	17,828
Yuzhou University City Phase II	Xiamen	32,995	4,646	7,102
Yuzhou Oriental Venice	Fuzhou	31,423	1,904	16,504
Others	Xiamen	7,429	2,136	3,478
Sub-total		779,115	71,367	10,917
Yangtze River Delta Region				
Yuzhou Skyline Phase II	Hefei	105,243	20,285	5,188
Yuzhou Jinqiao International (include Land Dream)	Shanghai	51,201	3,198	16,010
Yuzhou Skyline Phase I	Hefei	38,974	7,965	4,893
Sub-total		195,418	31,448	6,214
Total		974,533	102,815	9,478

During the first half of 2013, the Group recognized sales and area sold were RMB974.53 million and 102,815 sq.m., representing an increase of 8.5% and 22.7% respectively as compared with the corresponding period of 2012. The average price per sq.m. decreased from RMB10,718 in the first half of 2012 to RMB9,478 in the first half of 2013.

The recognized sales and area sold of each project in the first half of 2012 are set out in the following table:

Name of Project	**City**	**Amount** *(RMB'000)*	**Saleable GFA** *(sq.m.)*	**Average Selling Price (after tax)** *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou University City Phase II	Xiamen	218,092	32,172	6,779
Yuzhou Castle above City	Xiamen	18,384	1,223	15,032
Others	Xiamen	22,636	1,917	11,808
Sub-total		259,112	35,312	7,338
Yangtze River Delta Economic Zone				
Yuzhou Jinqiao International Phase IV	Shanghai	494,669	24,740	19,995
Yuzhou Skyline Phase II	Hefei	121,816	21,144	5,761
Yuzhou Skyline Phase I	Hefei	22,682	2,620	8,657
Others	Shanghai	165	11	15,000
Sub-total		639,332	48,515	13,178
Total		898,444	83,827	10,718

The contracted sales and area sold of each project in the first half of 2013 are set out in the following table:

Name of Project	City	Amount *(RMB'000)*	Saleable GFA *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou University City Phase II	Xiamen	6,734	542	12,424
Yuzhou Castle above City	Xiamen	13,496	1,708	7,902
Yuzhou Golf	Xiamen	205,854	15,665	13,141
Yuzhou Shoreline	Xiamen	1,308,711	77,471	16,893
Yuzhou Central Coast Phase I	Xiamen	378,743	28,895	13,108
Yuzhou Central Coast Phase II	Xiamen	1,356,981	100,528	13,499
Yuzhou Riverside City Town	Xiamen	261,176	30,422	8,585
Haicang Dream Town	Xiamen	691,693	73,446	9,418
Yuzhou Gushan No.One	Fuzhou	198,050	12,578	15,746
Yuzhou Oriental Venice Phase II	Fuzhou	74,660	4,602	16,223
Yuzhou City Plaza Phase I	Quanzhou	275,565	58,208	4,734
Others	Xiamen	35,862	11,276	3,180
Sub-total		4,807,525	415,341	11,575
Yangtze River Delta Region				
Yuzhou Land Dream	Shanghai	67,195	3,726	18,034
Yuzhou Skyline Phase I	Hefei	31,221	3,246	9,618
Yuzhou Skyline Phase II	Hefei	21,127	2,190	9,647
Yuzhou Skyline Phase III	Hefei	682,087	115,188	5,922
Sub-total		801,630	124,350	6,447
Bohai Rim Region				
Yuzhou Palace Country		89,951	13,054	6,891
Sub-total		89,951	13,054	6,891
Total		5,699,106	552,745	10,311

During the first half of 2013, the Group's contracted sales and area sold were RMB5,699.11 million and 552,745 sq.m., representing an increase of 50.0% and 25.7% respectively as compared with the corresponding period of 2012. The average selling price per sq.m. increased from RMB8,642 in the first half of 2012 to RMB10,311 in the first half of 2013.

The contracted sales and area sold of each project in the first half of 2012 are set out in the following table:

Name of Project	City	Amount (RMB'000)	Saleable GFA (sq.m.)	Average Selling Price (RMB/sq.m.)
West Strait Economic Zone				
Yuzhou Shoreline	Xiamen	1,032,811	92,399	11,178
Yuzhou Central Coast	Xiamen	787,019	91,802	8,573
Yuzhou Castle above City	Xiamen	488,372	41,203	11,853
Yuzhou University City Phase II	Xiamen	267,864	37,717	7,102
Yuzhou Golf	Xiamen	175,366	20,305	8,637
Yuzhou Oriental Venice Phase II	Fuzhou	150,141	7,153	20,990
Yuzhou Sunshine Garden	Xiamen	90,676	15,499	5,850
Yuzhou Gushan No. One	Fuzhou	88,884	5,188	17,133
Yuzhou Riverside City Town	Xiamen	72,273	6,545	11,042
Yuzhou City Plaza Phase I	Quanzhou	70,456	16,829	4,187
Others	Xiamen	47,356	14,654	3,232
Sub-total		3,271,218	349,294	9,365
Yangtze River Delta Economic Zone				
Yuzhou Skyline Phase II	Hefei	372,634	70,186	5,309
Yuzhou Skyline Phase I	Hefei	94,686	17,005	5,568
Yuzhou Jinqiao International Phase IV (Land Dream)	Shanghai	60,226	3,110	19,365
Sub-total		527,546	90,301	5,842
Total		3,798,764	439,595	8,642

Investment Properties

World Trade Center (Xiamen)

The Rental income (before tax) of World Trade Center during the period was derived from the mall and amounted to RMB20.28 million (30 June 2012: RMB22.19 million), representing a decrease of 8.6%. The rental income dropped because of the commencement of the renovation of World Trade Center in the period in order to optimize the tenant mix. During the period, the mall at Phase I of World Trade Center still maintained high occupancy rate of approximately 96% (30 June 2012: 100%). The occupancy rate of Phase II of World Trade Center was 91% (30 June 2012: 92%). 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 high profile tenants of such renowned brands as PCD Stores, Walmart, Starbucks, Sony and Hai Di Lao Hot Pot.

Yuzhou World Trade Plaza (Xiamen)

The project, Yuzhou World Trade Plaza (禹洲•世貿生活廣場), has an area of approximately 44,000 sq.m. which comprises Phase I and Phase II. The rental income (before tax) of Yuzhou World Trade Plaza during the period soared by 78.5% from RMB2.37 million in the corresponding period of 2012 to RMB4.23 million and the occupancy rate increased to 97.4%. With the steady economic growth of Hai Cang District, we expect the revenue of Yuzhou World Trade Plaza will increase steadily. The plaza will be our commercial flagship in Hai Cang District in Xiamen with restaurants, supermarkets and retail stores.

Yuzhou Jinqiao International (Shanghai)

Yuzhou Jinqiao International is designed as a one-stop commercial complex with approximately 8,000 sq.m. and features famous brands. The rental income (before tax) increased by 11.2% to RMB4.65 million (30 June 2012: 4.18 million).

Hotel Operation

We see a huge potential for hotel business in China. We believe that the expansion into the hotel industry would widen the source and stability of revenue, and reduce the risks of over reliance on any particular real estate segment. Hotel business can also help to strengthen the Group's brand image. The hotels of the Group are still under development and construction. There was no income generated from hotel operation during the period. Going forward, the Group will continue to expand its hotel business in a sound and prudent manner so as to achieve a diversified property portfolio.

Property Management

The Group strives to create a warm and harmonious community for our residences whilst delivering quality property management services. The Group is committed to continuously improving the living environment and enhancing service quality in its property projects in order to maintain high level of customer satisfaction.

During the first half of 2013, the property management service companies of the Group recorded property management fee income of RMB27.67 million, representing an increase of 22.1% as compared with the corresponding period in 2012. As at 30 June 2013, the aggregate GFA managed by the property management service companies of the Group in the PRC was over 2.45 million sq.m., and these companies serviced more than 22,500 property owners.

Gross Profit

The gross profit of the Group was RMB330.56 million. The gross profit margin was 32.0%, which was at an average level in industry. The drop in gross profit margin resulted from decreases of the selling price of the recognized projects. The ratio of land cost to average selling price was maintained at a low level of 14.3% and such ratio is expected to remain at a low level in the coming years.

Other Income and Gains

Other income and gains soared by 1.50 times from approximately RMB19.29 million in the first half of 2012 to RMB48.29 million in the first half of 2013. It was because the Group recorded an amount of RMB23.01 million of fair value gain on derivative financial instrument and an amount of RMB1.28 million of gain on disposal of investment properties in the first half of 2013.

Expenses on Selling and Distribution Costs

Selling and distribution expenses of the Group increased by 24.6% from approximately RMB45.78 million in the first half of 2012 to approximately RMB57.05 million in the first half of 2012. It was mainly due to our contracted sales increased dramatically in the period.

Administrative Expenses

Administrative expenses of the Group increase by 32.9% from approximately RMB72.99 million in the first half of 2012 to approximately RMB97.02 million in the first half of 2013. Even though the Group had imposed strict cost control system to curtail other administrative expenses, but the Group had recruited a number of experienced personnel and established the branches in Longyan, Bengbu and Zhangzhou. As a result, total administrative expenses had increased.

Share of Result of a Jointly-Controlled Entity

Share of result of a jointly-controlled entity came from the Group's 20% interest in Xiamen Vanke Maluan Bay Properties Limited. As the company did not deliver any properties during the period, the share of loss of a jointly-controlled entity was approximately RMB2.70 million. Xiamen Vanke Maluan Bay Properties Limited has commenced to sell its properties in last year. We believe that, with the delivery of properties in 2014, contributions from this jointly-controlled entity will significantly increase.

Profit attributable to shareholders

Profit attributable to shareholders increased from approximately RMB104.76 million for the period ended 30 June 2012 to approximately RMB150.45 million for the period ended 30 June 2013. Core profit attributable to shareholders decreased from approximately RMB160.95 million for the period ended 30 June 2012 to approximately RMB94.99 million for the period ended 30 June 2013.

Borrowings

As at 30 June 2013, the Group had bank loans, senior notes and bonds balance of RMB8,226.33 million with maturities as follows:

Maturity	**30 June 2013** *(RMB'000)*	31 December 2012 *(RMB'000)*
Within 1 year	**2,952,277**	2,479,012
1 to 2 years	**1,374,406**	1,090,913
2 to 5 years	**3,756,212**	3,754,400
Over 5 years	**143,431**	184,906
	8,226,326	7,509,231

As at 30 June 2013, the bank and other borrowings of the Group in the amount of RMB4,582.25 million were secured by the investment properties and properties under development with an aggregate carrying value of RMB10,621.68 million, and an aggregate of 604,800,000 shares in the Company held by certain directors of the Company.

Gearing Ratio

As at 30 June 2013, the net debt to equity ratio (total debt less cash on hand (including restricted cash) and divided by total equity) of the Group decreased from 62.1% as at 31 December 2012 to 58.8%. The improvement on gearing ratio resulted from the excellent performance of contracted sales and significant increase of cash and bank balances.

Finance Expenses

During the period, the total cost of debt of the Group was RMB395.30 million, an increase by RMB108.70 million as compared with the corresponding period in 2012, of which RMB294.04 million were capitalised to cost of projects, an increase of RMB82.73 million as compared with the corresponding period in 2012. The increase in finance expenses was mainly due to the increase in the Group's total indebtedness from RMB6,037.91 million in the first half of 2012 to RMB8,226.33 million in the first half of 2013.

Currency Risk

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

	Bank Borrowings, Senior Notes and Bonds Balance *(RMB'000)*	**Cash Balance*** *(RMB'000)*
HK$	930,381	207,208
RMB	4,397,825	4,210,770
US$	2,898,120	147,387
SG$	–	1,406
Others	–	64,033
Total	8,226,326	4,603,804

* *Including restricted cash*

Operations of the Group are almost wholly conducted in RMB. Apart from the cash at bank, senior notes and bonds balance denominated in foreign currencies, the Group is not directly exposed to 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 30 June 2013, outstanding buy-back guarantees amounted to RMB6,024.23 million (31 December 2012: RMB5,531.12 million).

Return on Equity

For the six month ended 30 June 2013, return on equity represented annualized profit attributable to shareholders of the Company divided by the average of equity attributable to shareholders of the Company at the beginning and end of the period. Annualised return on equity in the first half of 2013 was 5.01%.

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 period.

	Six months ended	
	30 June 2013	30 June 2012
Profit attributable to shareholders of the Company *(RMB'000)*	**150,453**	104,762
Less: fair value (losses)/gains of investment properties, net of deferred tax *(RMB'000)*	**32,454**	(56,741)
Less: fair value gain on derivative financial instrument *(RMB'000)*	**23,012**	–
Less: fair value gain of warrants *(RMB'000)*	**–**	549
Core profit attributable to shareholders of the Company *(RMB'000)*	**94,987**	160,954
Weighted average number of ordinary shares in issue *('000)*	**3,456,000**	3,456,000
Basic earnings per share *(RMB cents per share)*	**4.35**	3.03
Core earnings per share *(RMB cents per share)*	**2.75**	4.66

No adjustment has been made to the basic earnings per share for the period ended 30 June 2013 and 30 June 2012 in respect of a dilution as the impact of the share options outstanding during the current period and the warrants outstanding during the prior period had an anti-dilutive effect on the basic earnings per share presented. The core profit attributable to shareholders of the Company is the profit attributable to shareholders of the Company excluding fair value gains or losses on investment properties net of deferred taxation, fair value gain on derivative financial instrument and fair value gain of warrants.

Commitment

As at 30 June 2013, the Group had commitment in respect of development expenditure on real estate of approximately RMB2,524.02 million (approximately RMB1,302.54 million as at 31 December 2012). The Group is also committed to the payment of land premium in respect of land acquisition of approximately RMB1,459.71 million (approximately RMB252.72 million as at 31 December 2012). The Group also had commitment in respect of acquisition of a project company and an item of property, plant and equipment of approximately RMB406 million (31 December 2012: Nil) and approximately RMB71.71 million (31 December 2012: Nil), respectively.

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 19 years experience in properties development industry and over 11 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 within a short period of time become one of the strongest real estate developers in the PRC.

We believed that the competence of the Group's 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 30 June 2013, the Group had a total staff of 1,813.

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

During the period, 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 than 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 six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Board of Directors ("Board") and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

During the period, the Company had adopted, applied and complied with the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange and the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2013) except the following deviation:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Lam Lung On has been assuming the roles of both the Chairman and the Chief Executive Officer since 1 January 2012. Although these two roles are performed by the same individual, certain responsibilities are shared with executive directors to balance the power and authority. In addition, all major decisions are made in consultation with members of the board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Group.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the suitability of the accounting policies adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2013.

OUTLOOK AND DEVELOPMENT STRATEGIES

As the US Federal Reserve pledged to keep interest rates low until the end of 2014 and the European Central Bank offered large amounts of low-interest loans to European banks recently, the financial market began to stabilize. The Chinese government recently announced a 7.5% full-year GDP growth target. China's growth at such a healthy and sustainable pace, if coupled with the US economic recovery, will help bring a positive effect on the world economy.

Looking into the second half of the year, as housing demand from the mainland is growing, the Group is cautiously optimistic about the prospect of the mainland property market. Currently, the Chinese property market is curbed by government policies, which in turn are subject to change with the internal and external environments. The Group has geared up for the sales campaign for all our projects in a bid to seize opportunities brought by market changes.

With Yuzhou Cloud Top International in Xiamen, Yuzhou Castle above city in Longyan, Yuzhou Jade Lakeshire in Hefei and Yuzhou Prince Lakeshire in Bengbu, which are expected to be launched in the second half of 2013, along with existing projects including Yuzhou Shoreline, Yuzhou Central Coast Yuzhou Skyline Phase III and Yuzhou Golf, we are confident of exceeding the target for this year's contracted sales.

The Group will adopt prudent strategies for financial management and maintain healthy financial position based on cash flow status and different circumstances.

For the mid-to-long term, upholding our philosophy of "Build Cities with Heart, Build Homes with Love"（以誠建城，以愛築家）, we will continue to conduct our business with integrity and utilize our brand equity and resources. We will pay greater attention on execution, sell-through rate and profit ratio. In particular, efforts will be made to strengthen our dominance in the West Strait Economic Zone, progressively expand our presence in the economic zone of Yangtze River Delta Region and further intensify our penetration in the Bohai Rim Region, so as to achieve the Group's objective of the business development of the Group nationwide.

We will continue to identify suitable projects with ideal returns in line with the needs of business development of the Group. On the other hand, we will seize market opportunities to replenish our high-quality land reserves in a timely manner. It is envisaged that the West Strait Economic Zone will remain as the key region for our future development, with the proportion in land reserves at or above 50%. For areas outside the West Strait Economic Zone that we have gained a foothold in, we will appropriately allocate resources to increase local land reserves and to develop the Group's brand equity, with an ultimate aim to solidify our presence in the region.

With urbanization continuously pushing the property market forward, we believe that the property market outlook in the PRC will continue to be positive. The regulatory policy annexed by the government is aimed to cool the overheated property market, which is in turn conducive to the healthy development of the entire property market. Therefore, we believe that with the execution of effective strategies we can exceed the annual target of contracted sales.

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, 29 August 2013

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