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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

1. Total revenue increased by 4.90% to RMB7,836.63 million, reaching a record high. Gross profit increased by 22.67% to RMB2,844.77 million, also reaching a record high. Gross profit margin increased by 5.26 percentage points to 36.30%, a high level in the industry. Contracted sales in 2014 increased by 9.51% to RMB12,001.29 million.

2. Profit attributable to owners of the parent was RMB1,254.38 million. Net profit margin was 16.01%. Core profit attributable to owners of the parent was RMB1,025.34 million. Core profit margin was 13.08%.

3. Basic earnings per share was RMB36 cents. Basic core earnings per share was RMB30 cents. Return on equity was 16.15%.

4. The full year dividend was HK16 cents per share, an increase of 6.67% compared with last year, representing a payout ratio of approximately 43.17% of core net profit for year 2014.

5. Cash and bank balances (including restricted cash) amounted to RMB9,784.74 million which is in 151.95% increase year on years, which far outstriped the short term debt with one year maturity of RMB3,805.45 million.

6. Average funding cost decreased by 0.2 percentage point to 8.49%, a low level among the B rating property developers. Moody's upgraded Yuzhou's bond rating from B2 to B1, with stable outlook. S&P maintained B bond rating and B+ family rating, with stable outlook.

7. The net gearing ratio in 2014 of the Group was 59.85%, down by 18.13 percentage points from 77.98% in 2013.

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 2014, which was prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
REVENUE	*2,3*	**7,836,633**	7,470,608
Cost of sales		**(4,991,860)**	(5,151,527)
Gross profit		**2,844,773**	2,319,081
Fair value gain on investment properties, net		**487,130**	617,459
Fair value gain on derivative financial instruments		**6,334**	62,976
Other income and gains	*2*	**75,230**	142,157
Selling and distribution expenses		**(191,541)**	(182,027)
Administrative expenses		**(228,076)**	(214,855)
Other expenses		**(7,360)**	(1,548)
Finance costs	*5*	**(175,438)**	(277,471)
Share of profits and losses of joint ventures, net		**356**	(2,826)
Loss on deemed disposal of subsidiaries upon loss of control, net		**(119,825)**	–
PROFIT BEFORE TAX	*4*	**2,691,583**	2,462,946
Income tax	*6*	**(1,328,513)**	(971,354)
PROFIT FOR THE YEAR		**1,363,070**	1,491,592
Attributable to:			
Owners of the parent		**1,254,384**	1,471,221
Non-controlling interests		**108,686**	20,371
		1,363,070	1,491,592
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
– Basic and diluted (RMB per share)		**0.36**	0.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**794,624**	454,365
Investment properties		**5,960,488**	4,851,480
Investments in joint ventures		**2,507,657**	–
Deferred tax assets		**252,374**	209,209
Total non-current assets		**9,515,143**	5,515,054
CURRENT ASSETS			
Land held for property development for sale		**665,462**	2,196,544
Properties under development		**12,276,088**	7,874,364
Properties held for sale		**4,037,040**	3,979,137
Prepayments for acquisition of land		**984,905**	2,131,494
Prepayments, deposits and other receivables		**1,678,957**	1,629,924
Prepaid corporate income tax		**28,590**	32,645
Prepaid land appreciation tax		**19,082**	42,857
Derivative financial instruments		**84,998**	76,676
Restricted cash		**488,765**	375,686
Cash and cash equivalents		**9,295,977**	3,507,940
Total current assets		**29,559,864**	21,847,267
CURRENT LIABILITIES			
Receipts in advance		**3,893,049**	4,003,233
Trade payables	*8*	**3,690,128**	2,503,502
Other payables and accruals		**3,877,582**	1,358,113
Interest-bearing bank and other borrowings		**3,805,451**	1,984,444
Corporate income tax payables		**998,253**	788,058
Provision for land appreciation tax		**1,014,147**	845,823
Total current liabilities		**17,278,610**	11,483,173
NET CURRENT ASSETS		**12,281,254**	10,364,094
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,796,397**	15,879,148

	Note	**2014**	2013
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,860,397**	4,456,885
Senior notes		**6,738,562**	3,268,953
Deferred tax liabilities		**807,639**	681,405
Total non-current liabilities		**12,406,598**	8,407,243
Net assets		**9,389,799**	7,471,905
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**296,439**	296,439
Reserves		**7,876,885**	7,065,193
		8,173,324	7,361,632
Non-controlling interests		**1,216,475**	110,273
Total equity		**9,389,799**	7,471,905

Notes:

1.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

1.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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 9	*Financial Instruments*[4]
Amendments to HKFRS 10, and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisition of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contribution*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group’s financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, gross rental income from investment properties, property management fee income and gross revenue from hotel operation, all net of business tax, value-added tax and surcharges, during the year.

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**7,680,661**	7,348,835
Rental income	**51,544**	49,163
Property management fee income	**88,245**	71,220
Hotel operation income	**16,183**	1,390
	7,836,633	7,470,608
Other income and gains		
Bank interest income	**53,744**	53,622
Rental income from properties held for sale	**4,981**	4,211
Gain on disposal of investment properties	**–**	63,679
Others	**16,505**	20,645
	75,230	142,157

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 property management services;

(d) the hotel operation segment engages in the 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. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax 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, derivative financial instruments, 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, senior notes, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

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

Year ended 31 December 2014

	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	7,680,661	51,544	88,245	16,183	–	7,836,633
Other revenue	17,470	512	3,504	–	–	21,486
Total	7,698,131	52,056	91,749	16,183	–	7,858,119
Segment results	2,353,216	509,297	(11,534)	(160)	(37,542)	2,813,277
Reconciliation:						
Interest income						53,744
Finance costs						(175,438)
Profit before tax						2,691,583
Tax						(1,328,513)
Profit for the year						1,363,070
Segment assets	34,262,389	9,265,810	198,045	232,904	4,284,310	48,243,458
Reconciliation:						
Elimination of intersegment receivables						(19,338,237)
Corporate and other unallocated assets						10,169,786
Total assets						39,075,007
Segment liabilities	23,934,681	1,046,632	157,781	42,103	5,617,799	30,798,996
Reconciliation:						
Elimination of intersegment payables						(19,338,237)
Corporate and other unallocated liabilities						18,224,449
Total liabilities						29,685,208
Other segment information:						
Depreciation and amortisation	6,422	96	3,041	7,922	6,605	24,086
Capital expenditure*	119,726	514,610	1,372	13,976	8,557	658,241
Fair value gain on investment properties, net	–	(487,130)	–	–	–	(487,130)
Share of profits and losses of joint ventures, net	(356)	–	–	–	–	(356)
Investments in joint ventures	2,507,657	–	–	–	–	2,507,657

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development for sale.*

Year ended 31 December 2013

	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	7,348,835	49,163	71,220	1,390	–	7,470,608
Other revenue	20,594	1,701	2,409	152	–	24,856
Total	7,369,429	50,864	73,629	1,542	–	7,495,464
Segment results	1,990,204	643,824	(3,442)	(173)	56,382	2,686,795
Reconciliation:						
Interest income						53,622
Finance costs						(277,471)
Profit before tax						2,462,946
Tax						(971,354)
Profit for the year						1,491,592
Segment assets	28,376,019	5,162,120	204,047	518,928	2,355,733	36,616,847
Reconciliation:						
Elimination of intersegment receivables						(13,499,539)
Corporate and other unallocated assets						4,245,013
Total assets						27,362,321
Segment liabilities	18,119,480	466,467	149,330	192,310	2,436,800	21,364,387
Reconciliation:						
Elimination of intersegment payables						(13,499,539)
Corporate and other unallocated liabilities						12,025,568
Total liabilities						19,890,416
Other segment information:						
Depreciation and amortisation	24,477	235	2,366	–	1,204	28,282
Capital expenditure*	1,744,198	285,119	4,321	7,841	101,880	2,143,359
Fair value gain on investment properties, net	–	(617,459)	–	–	–	(617,459)
Share of loss of a joint venture, net	2,826	–	–	–	–	2,826

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development for sale.*

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

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

4. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of properties sold	**4,907,230**	5,091,917
Depreciation and amortisation	**24,086**	28,282
Loss on disposal of items of property, plant and equipment	**37**	3,317
Loss/(gain) on disposal of investment properties, net	**5,398**	(63,679)
Minimum lease payments under operating leases for land and buildings	**7,230**	11,037
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**90,291**	77,051
Equity-settled share option expense	**2,886**	2,178
Retirement benefit scheme contributions	**10,127**	9,341
	103,304	88,570
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**14,702**	11,796

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**487,304**	297,917
Interest on bank loans wholly repayable beyond five years	**22,776**	40,044
Interest on other loans wholly repayable within five years	**132,644**	135,459
Interest on senior notes wholly repayable within five years	**516,514**	394,911
Total interest expense on financial liabilities not at fair value through profit or loss	**1,159,238**	868,331
Less: Interest capitalised	**(983,800)**	(698,323)
	175,438	170,008
Loss on extinguishment of financial liabilities	**–**	107,463
	175,438	277,471

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 (2013: 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	
	2014	2013
	RMB'000	*RMB'000*
Current:		
PRC corporate income tax	**644,913**	465,612
PRC land appreciation tax		
Charge for the year	**627,000**	497,502
Overprovision in prior years	**(11,327)**	(152,080)
	1,260,586	811,034

	Group	
	2014	2013
	RMB'000	*RMB'000*
Deferred*:*		
Current year	**65,095**	122,300
Reversal of deferred tax assets on LAT overprovided in prior years	**2,832**	38,020
	67,927	160,320
Total tax charge for the year	**1,328,513**	971,354

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts for the year ended 31 December 2014 is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,254,384,000 (2013: RMB1,471,221,000) and the weighted average number of ordinary shares of 3,455,999,999 (2013: 3,455,999,999) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options outstanding during the current and prior years had an anti-dilutive effect on the basic earnings per share amounts presented in both years.

8. TRADE PAYABLES

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Due within 1 year or on demand	**2,784,053**	2,345,824
Due within 1 to 2 years	**906,075**	157,678
	3,690,128	2,503,502

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

9. EVENTS AFTER THE REPORTING PERIOD

a. In January 2015, a subsidiary of the Company won a bid to acquire a parcel of land located in Xiamen, the PRC, through public bidding. The consideration of the land is RMB2,740,000,000 which has been only paid by the subsidiary as of the date of approval of this announcement.

b. At 6 March 2015, the Company declared an interim dividend for the year ended 31 December 2014 of HK16 cents per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the year, turnover of the Group was record high of RMB7,836.63 million, representing an increase of 4.90% as compared with the corresponding period of the previous year. Gross profit increased 22.67% to RMB2,844.77 million and gross profit margin climbed 5.26 percentage points to 36.30% as compared with the same period of last year. Profit attributable to owners of the parent dropped 14.74% to RMB1,254.38 million, with basic earnings per share down 14.74% to RMB36.30 cents and net profit margin down 3.68 percentage points to 16.01%. Core profit attributable to shareholders decreased by 5.93% to RMB1,025.34 million, with core basic earnings per share down 5.93% to RMB29.67 cents. core net profit margin was 13.08%. Dividend of the year increased by 6.67% to HK16 cents per share, representing a payout ratio of 43.17% of core net profit for year 2014.

Business Review

Against the periodic fluctuation of the property market in 2014, year-on-year decrease in the turnover and areas sold in the property market, and intensified concentration of the market of real estate enterprises, the Group adhered to the development principle of "quality growth" in response to the market demand, keep enhancing its management, enhancing its brand influence, increase its land reserves appropriately and reinforcing its financial structure while maintaining rapid and sound development. Therefore, the Group had been listed as one of the top 100 real estate enterprises for 9 consecutive years and firmly maintained its position as the market leader with the largest market share in Xiamen, as one of Fujian and Hefei's top 5 real estate developers in 2014. The Group has maintained a relatively high gross profit margin of 36.30%, much higher than the average level of the industry. Such achievements are really outstanding.

Development Strategies

The Group have been focusing on profitability strategies, but not aggressive expansion, which is the key to the Group's Success. With the approval of Fujian Free Trade Zone, Yuzhou is well positioned to benefit from favourable government policies for the Fujian Free Trade Zone, the appreciation of land value and closer cross-strait cooperation in such sectors as goods shipping, financial service, trading service and cultural industry. The Group held a total area of 1.824 million sq.m. quality land reserve in Xiamen. Hefei, the second most important city with regard to development of the Group, has realized rapid development and is expected to benefit from development of Yangtze Economic Belt; by making good use of such "golden watercourse", the central government plans to promote the development of Yangtze Economic Belt and lay a new foundation for China's economic development, exploiting the great potential of domestic demand in the vast hinterland in up-and-midstream of the river and thus expanding the area of economic growth into inland area along the river. The Group held quality lands with a total area of 2.599 million sq.m. in reserve in Hefei.

Entering cities with healthy demand such as Xiamen, Hefei, Nanjing and Shanghai helps manage and control financial and operational risk, maximise profit and achieve the goals of reducing risks and lowering financing cost.

The Group has focused on tier 1 and 2 cities with healthier inventory level. Still, destocking remained the key strategic direction of the Group. The Group has regarded it the most significant priority to enhance sales, quicken development turnover and promote inventory sales. In terms of product positioning, the Company has conducted market research and predicting carefully and accurately based on features of different cities, regions and zones, and has performed analysis of target customer groups and existing elaborate product system of the Company, to ensure that new products would better meet demand of local markets.

Listed on the Stock Exchange five years ago, the proportion of the Group's self-owned properties such as commercial property, hotels and office buildings has continued to rise. The Group believes that a diversified commercial property portfolio, including shopping mall and office buildings, may diverge operational risks and ensure stable income. At the same time, benefited from the synergistic effect from commercial property development of our projects, the value of property projects themselves also improved. In next few years. The Group will gradually increase its investment property portfolio and target to hold self-owned commercial properties located at core locations in tier 1 and 2 cities. It is expected that the net profit from investment properties will gradually increase to 10% of the core profit of the Company. In 2015, the Group will set its commercial property headquarters in Shanghai so as to be sufficiently engaged to the large resource platform in Shanghai and to build the commercial team and operation pattern of Yuzhou. The Group will also get involved in product positioning and project design earlier, improve the soft power of our commercial properties on the basis of ensuring the project quality, and inventively build the commercial projects in Shanghai and Hefei.

The Group adhered to its strategic guideline of "Based in West Strait and Expand Nationwide Coverage in China"(「立足海西，建樹中國」) in replenishing strategically its land reserves by taking into account comprehensively various factors i.e. land market environment, real estate market development trend and its own financial conditions. Adhering to the principle of "Cultivate Every City We Enter", we focused on the West Strait Economic Zone, the Yangtze River Delta Region and the Bohai Rim Region, in particular the core cities. Meanwhile, we will exploit in peripheral cities that hold economic potential and net inflows of population, so that a regional strong scale can be formed, our executive competence strengthened and development risks reduced within the peripheral area. Our selection of projects is based on three assessment indicators: profit margin, sell-through rate and execution. Profit margin guarantees corporate sustainable development; sell-through rate guarantees corporate safe cash flow and development speed; execution guarantees corporate governance level and stable operation. In addition, we also focused on 5 dimensions including maintaining low land cost, emphasizing strategic location, keeping the most appropriate size, determining the best opportunity and ensuring rapid asset turnover.

In recent years, Yuzhou Properties has created a model of purchasing lands by collaborating with investment funds and other real estate enterprises. For example, the project of Xiamen Haicang Dream Town jointly developed with Vanke contributed the contracted sales of RMB1,416.41 million in 2014. In terms of the cooperation with investment funds enterprises, we have project equity interests cooperation with PING AN and CITIC-CP Asset Management. The model of equity interests cooperation, bonds cooperation or a combination of both not only enhanced the financial flexibility of land acquisition and reduced the investment risks at the preliminary stage of development, but also substantially shortened the input-output cycle, relieved the capital liquidity stress on the premise of keeping the reasonable expansion speed, and accelerated the realization of economies of scale.

Sale of Properties

In 2014, the revenue of property sales by the Group rose by 4.52% year-over-year to RMB7,680.66 million, accounting for 98.01% of the total revenue. For the year ended 31 December 2014, the Group delivered an aggregate gross floor area (GFA) of approximately 735,881 sq.m., dipping by 7.40% as compared with the corresponding period of 2013. The average selling price of the properties delivered and recognised as property sales was RMB10,437 per sq.m. in 2014, representing a growth of 12.87% as compared with 2013. The revenue of property sales in 2014 mainly came from the properties presold over the second half of 2012 and from early 2013, during which periods the contract selling price recovered from the impact of the sluggish market of 2011, and different projects recorded remarkable growths in selling price.

The Xiamen is expected to maintain its leading position in property sales for the Group, with its multiple quality properties helping to enhance the brand and advantages. Property sales in Xiamen accounted for 71.11% of the Group's revenue of property sales during the year. During the year, the revenue of property sales in Hefei accounted for 18.02%. In recent years, the Group has remarkable development in the city, growing from the sole Skyline Project (Skyline Phase I also known as Yuzhou Huaqiao City) when the Group first expanded into Hefei to five projects on sale at present. In the meantime, the sales of a number of Yuzhou projects ranked among top ten in Hefei as the Group enjoyed the fifth largest market share in the city. The market share will be consolidated, owing to the established brand recognition among Hefei citizens. The Group expects that the city will make a growing contribution to the the Group's overall property sales.

Delivery procedures will be completed successively for the sold properties in different cities. With continuous revenue growth, property sales are expected to remain the dominant source of revenue for the Group in the future.

The recognised GFA sold and the recognised sales of each project in 2014 are set out in the following table:

Name of Project	City	Amount	Saleable GFA	Average Selling Price (after tax)
		(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou University City	Xiamen	73,235	20,976	3,491
Yuzhou Castle above City	Xiamen	87,703	12,215	7,180
Yuzhou Golf	Xiamen	191,251	14,888	12,846
Yuzhou Shoreline	Xiamen	1,022,716	65,105	15,709
Yuzhou Central Coast Phase I	Xiamen	337,728	32,846	10,282
Yuzhou Central Coast Phase II	Xiamen	2,450,237	192,279	12,743
Yuzhou Riverside City Town	Xiamen	314,979	30,446	10,345
Yuzhou Cloud Top International	Xiamen	929,898	28,348	32,803
Yuzhou Gushan No.One	Fuzhou	199,500	12,447	16,028
Yuzhou Oriental Venice Phase II	Fuzhou	12,993	658	19,746
Yuzhou City Plaza Phase I and II	Quanzhou	453,262	83,878	5,404
Others	Xiamen	54,094	6,294	8,595
Sub-total		6,127,596	500,380	12,246
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	41,430	3,885	10,664
Yuzhou Skyline Phase I	Hefei	39,696	4,361	9,102
Yuzhou Skyline Phase II	Hefei	59,766	5,990	9,978
Yuzhou Skyline Phase III	Hefei	1,284,967	201,213	6,386
Sub-total		1,425,859	215,449	6,618
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	127,206	20,052	6,344
Sub-total		127,206	20,052	6,344
Total		7,680,661	735,881	10,437

Contracted Sales in 2014

The Group's contracted sales totaled a record high of approximately RMB12,001.29 million in 2014, representing an increase of 9.51% year-over-year, recording a mid-to-upper performance in the industry. The area of contracted sales area amounted to 1,203,561 sq.m., representing an increase of 15.30% year-on-year. The average selling price dropped slightly from RMB10,499 per sq.m. in 2013 to RMB9,971 per sq.m in 2014, mainly because Hefei contributed a growing share to the overall sales of the Group and the average selling price of the city was lower than that of Xiamen. In addition, the sales of properties subscribed for but not contracted totaled approximately RMB684 million.

Xiamen is the cradle for the Group's development. For nine consecutive years, Yuzhou Properties ranked first in the real estate market in Xiamen, in terms of sales amount, salable area and land reserves. In 2014, contracted sales valued at RMB6.18 billion were achieved in Xiamen, accounting for 51.5% of the total contracted sales of the Group. Since its launch in 2011, Yuzhou Shoreline has been well-received by buyers. Its average selling price was RMB19,764 in 2014, an increase of 14.6% from RMB17,240 in 2013, and an increase of nearly 60% from that in 2012. The Project contributed a total of RMB1.151 billion in contracted sales in 2014. Yuzhou Central Coast contributed a total of RMB1.709 billion in contracted sales in 2014. Looking into 2015, the Group will launch multiple phases of Yuzhou Central Coast in Jimei District and Yuzhou Riverside City Town in Tong'an District, Xiamen. These properties, together with the new project Yuzhou Lucca Town（盧卡小鎮）in Xiang'an District, to be launched in the second half of 2015 will be drivers of the Group's sales in Xiamen.

Having established a presence in Hefei for years, Yuzhou Properties ranked among the city's top five property developers in 2014, with its contracted sales amounting to RMB3.518 billion. Yuzhou Central Plaza located at East Urban District of Hefei was the most popular project of the Group in 2014 and enjoyed a great sales record at its launch day on 21 June 2014, with a steady and slightly growing average price of RMB6,116. The project contributed a total of RMB1.083 billion in contracted sales, its stellar sales performance proving the accurate judgment by Yuzhou Properties on Hefei's development. Having following the good sales performance of the flagship proving projects – Skyline Phases I and II, the Group witnessed the hot sale of its Skyline Phase III, another proof of the recognition of and confidence in Yuzhou properties by Hefei citizens. Yuzhou Skyline and Yuzhou Jade Lakeshire achieved excellent sales records, contributing RMB1.215 billion and RMB854 million in contracted sales respectively. Yuzhou Royal Seal（禹洲•天璽）in British architectural style has been launched by the end of 2014, with a series of promotion campaigns in place. We believe multiple properties launched can secure more sales in Hefei in 2015.

The contracted sales and GFA sold of each project in 2014 are set out in the following table:

Name of Project	City	Amount *(RMB'000)*	GFA of Sales *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Golf	Xiamen	196,268	12,744	15,401
Yuzhou Shoreline	Xiamen	1,150,988	58,236	19,764
Yuzhou Central Coast Phase I (with car parks)	Xiamen	208,152	22,300	9,334
Yuzhou Central Coast Phase II	Xiamen	200,789	19,022	10,556
Yuzhou Central Coast Phase III	Xiamen	1,300,306	68,211	19,063
Yuzhou Riverside City Town	Xiamen	806,184	71,628	11,255
Yuzhou Cloud Top International	Xiamen	815,319	22,710	35,901
Haicang Dream Town	Xiamen	1,416,409	94,282	15,023
Yuzhou Gushan No. One	Fuzhou	207,188	10,328	20,061
Yuzhou Oriental Venice Phase II	Fuzhou	22,970	1,252	18,347
Yuzhou Oriental Venice Phase III	Fuzhou	300,601	30,436	9,877
Yuzhou City Plaza Phase I	Quanzhou	587,122	86,822	6,762
Yuzhou Castle above City	Longyan	398,653	73,215	5,445
Others	Xiamen	91,801	18,551	4,949
Sub-total		7,702,750	589,737	13,061
Yangtze River Delta Region				
Yuzhou Land Dream	Shanghai	61,780	7,074	8,733
Yuzhou City Plaza	Shanghai	58,457	5,303	11,023
Yuzhou Commercial Plaza	Shanghai	86,597	4,407	19,650
Yuzhou Skyline Phases I and II (including shops)	Hefei	71,623	6,152	11,642
Yuzhou Skyline Phases III	Hefei	1,142,912	155,404	7,354
Yuzhou Jade Lakeshire	Hefei	854,372	116,642	7,325
Yuzhou Central Plaza	Hefei	1,082,592	177,009	6,116
Yuzhou Town	Hefei	205,619	23,406	8,785
Yuzhou Royal Seal	Hefei	160,520	25,485	6,299
Yuzhou Prince Lakeshire	Bengbu	222,345	45,078	4,932
Sub-total		3,946,817	565,960	6,974

Name of Project	City	Amount *(RMB'000)*	GFA of Sales *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	274,620	39,083	7,027
Yuzhou Royal Lakeshire	Tianjin	77,106	8,781	8,781
Sub-total		351,726	47,864	7,348
Total		12,001,293	1,203,561	9,971

Investment Properties

As of 31 December 2014, the income from investment properties of the Group was approximately RMB51.54 million, representing a growth of approximately 4.84% as compared with 2013 which mainly came from Yuzhou World Trade Centre. With multiple investment properties completed, the Group held a total of approximately 318,000 sq.m. of completed investment properties on lease.

Property Management

2014 is the "Year of Improving Service Quality" for the property management companies of the Group. The Group continued to carry out its mission of providing quality property management service to its residents, improve service quality and maintain a high level of customer satisfaction through such measures as probation period for staff, monthly inspection, reward scheme for quality service, different types of training and performance-based salary. The property management companies of the Group recorded a property management fee income of RMB88.25 million in 2014, up by 23.90% as compared with the corresponding period of 2013. With an increase in the area of delivered properties, the property management companies managed an aggregate GFA of approximately 4.02 million sq.m. in China as of 31 December 2014.

Land Reserves

The Group adhered consistently to its strategic guideline of "Based in West Strait and Expand Nationwide Coverage in China (立足海西，建樹中國)" in replenishing strategically its land reserves by taking into account comprehensively the various factors like land market environment, property market development trend and its own financial conditions. As of 31 December 2014, the aggregate salable GFA of land reserves of the Group was 8.7 million sq.m., with a total of 48 projects located eleven cities in West Strait Economic Zone, Yangtze River Delta, Bohai Rim region and Hong Kong; the average land cost was approximately RMB2,232 per sq.m.. Having gained a project with primary land development qualification, the Group believes that its land reserves currently held and managed are sufficient for its development over the next five or six years.

Salable GFA of Land Reserves (sq.m.)
As at 31 December 2014

Region	Number of Projects	Area
		(sq.m.)
West Strait Economic Zone		
Xiamen	23	1,824,247
Fuzhou	3	603,244
Quanzhou	3	1,255,507
Longyan	1	312,330
Zhangzhou	1	255,000
Sub-total	31	4,250,328
Yangtze River Delta Region		
Shanghai	6	637,122
Nanjing	1	112,865
Hefei	6	2,599,467
Bengbu	1	668,333
Sub-total	14	4,017,787

Region	Number of Projects	Area
		(sq.m.)
Bohai Rim Region		
Tianjin	2	430,604
Sub-total	2	430,604
Offshore		
Hong Kong	1	2,214
Sub-total	1	2,214
Total	48	8,700,933

During the year, the Group acquired six new parcels of quality land and increased plot ratio of one existing parcel of land, providing an aggregate GFA of 1,006,062 sq.m., at an average land cost of approximately RMB5,350 per sq.m. which was below the market level. Located in Hefei, Fuzhou, Quanzhou, Nanjing and Hong Kong respectively, the newly acquired land parcels are expected to generate satisfactory returns for the Group over the next three or four years.

Particulars of the land parcels 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 City Plaza Phase III	Quanzhou	85,150	110,666	769
Yuzhou Oriental Venice Plot Ratio increase	Fuzhou	650,378	193,754	3,357
Yuzhou Lianjiang Project (禹洲連江項目)	Fuzhou	580,000	136,268	4,256
Yangtze River Delta Region				
Yuzhou Town	Hefei	425,720	109,160	3,900
Yuzhou Xinzhan Project (禹洲新站項目)	Hefei	1,462,000	341,135	4,286
Yuzhou Yuhuatai Project (禹洲雨花台項目)	Nanjing	1,880,000	112,865	16,657
Offshore				
Central-Caine Road Project (中環堅道項目)	Hong Kong	299,200	2,214	135,140
Total		5,382,448	1,006,062	5,350

Turnover

The income of the Group mainly came from three business categories, namely, property sales, rental of investment properties and property management. Besides these, the Group has hotels operations. As of 31 December 2014, the turnover of the Group was RMB7,836.63 million, representing an increase of 4.90% over last year, mainly because of the increase in property sales income recognized. Specifically, for the year ended 31 December 2014, the property sales income was approximately RMB7,680.66 million, up 4.52% compared to the corresponding period of last year; the rental income from investment properties was around RMB51.54 million, up 4.84% compared to the corresponding period of last year; the property management income was about RMB88.25 million, up 23.90% compared to the corresponding period of last year.

Cost of Sales

The cost of sales of the Group encompassed land cost, construction cost and capitalized interest. As of 31 December 2014, the cost of sales of the Group was RMB4,991.86 million, down 3.10% from the RMB5,151.53 million in 2013. The decrease was mainly due to better control of costs and low land cost strategy of the Group.

Gross Profit and Gross Profit Margin

The gross profit of the Group was RMB2,844.77 million in 2014, rising at a rate of 22.67% year on year. Gross profit margin was 36.30%, up 5.26 percentage points from last year, a mid-to-high level in the industry, mainly because the majority of profit was generated by the properties presold in the second half of 2012 and from early 2013 when the price of contracted sales recovered from the impact of sluggish 2011 market and different projects recorded remarkable sales growths.

Other Income and Gains

Other income and gains fell by 47.08% from approximately RMB142.16 million in 2013 to RMB75.23 million in 2014, mainly due to the additional gains on disposal of investment properties of RMB63.68 million recorded in 2013, however there was no such gain in 2014.

Selling and Distribution Expenses

The Group's expenses on selling and distribution costs grew by 5.23% from around RMB182.03 million in 2013 to approximately RMB191.54 million in 2014. The 2014 figure accounted for 1.60% (2013: 1.66%) of total contracted sales, representing an decrease over the previous year and remaining at a mid-to-lower level in the industry. In addition to various traditional marketing campaigns in 2014, the Group specially focused on managing sales tactics by adding Wechat promotion and culture-oriented differentiated marketing at Xiamen Yuzhou Riverside City Town（禹洲•溪堤尚城）for target customers.

Administrative Expenses

The Group's administrative expenses grew by 6.15% from around RMB214.86 million in 2013 to approximately RMB228.08 million in 2014, with the proportion of administrative expenses to total contracted sales decreased to 1.90% (2013: 1.96%), mainly due to the Group's implementation of cost control measures to save unnecessary expenses, improve operational efficiency and maintain a low proportion of administrative expenses to contracted sales.

Fair Value Gain on Investment Properties

During the year, the Group recorded a fair value gain on investment properties of RMB487.13 million (2013: RMB617.46 million), which mainly came from such gains brought by Xiamen Yuzhou Plaza and Shanghai Yuzhou Plaza.

Finance Costs

The Group's finance costs for the year totaled RMB175.44 million, down 36.77% from RMB277.47 million in 2013. The decrease was mainly due to loss on redemption of senior notes of RMB107.46 million in 2013 while there was no such loss in 2014.

Share of Profits and Losses of Joint Ventures

Share of profits and losses of joint ventures came from the Group's 20% interest in Xiamen Vanke Maluan Bay Properties Limited, the Group's 45% interest in Fujian Big World Huaixa Real Estate Development Co., Ltd and the Group's 72% interest in Yuzhou Properties (Hefei) Eastern Town Co., Ltd. In 2014, Fujian Big World Huaixa Real Estate Development Co., Ltd contributed a loss of RMB23.07 million (2013: nil) to the Group, Yuzhou Properties (Hefei) Eastern Town Co., Ltd contributed a loss of RMB0.66 millon (2013: nil) to the Group, and Xiamen Vanke Maluan Bay Properties Limited, which commenced the delivery of properties during the year, contributed a profit of RMB24.09 million (2013: a loss of RMB2.83 million) to the Group. Xiamen Vanke Maluan Bay Properties Limited has commenced the presale of its properties since 2012. We believe that, with the delivery of numerous properties in 2015, contributions from this joint venture will significantly increase.

Profit Attributable to Owners of the Parent

As of 31 December 2014, the profit attributable to owners of the parent was approximately RMB1,254.38 million, down 14.74% from RMB1,471.22 million in 2013 mainly due to reversal of overprovision of land appreciation tax of RMB152 million recorded in 2013, compared to RMB11.33 million in 2014. The net profit margin was 16.01% in 2014. The core profit attributable to shareholders was RMB 1,025.34 million, down 5.93% from RMB1,089.92 million in 2013. The core profit margin was 13.08% in 2014.

Return on Equity

For the year ended 31 December 2014, return on equity represented profit attributable to owners of the parent divided by the average of equity attributable to owners of the parent at beginning and end of the year. Return on equity in 2014 was 16.15%.

Earnings per Share

Basic earnings per share and basic core earning per share is calculated by dividing the profit attributable to owners of the parent and core profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, respectively.

	2014	2013
Profit attributable to owners of the parent of the Company *(RMB'000)*	**1,254,384**	1,471,221
Less: fair value gain on investment properties, net of deferred tax *(RMB'000)*	**365,348**	463,094
Less: fair value gain on derivative financial instruments *(RMB'000)*	**6,334**	62,976
Plus: loss on financial liabilities *(RMB'000)*	**–**	107,463
Plus: realised fair value gains on investment properties disposed, net of deferred tax *(RMB'000)*	**19,923**	35,130
Plus: equity-settled share option expenses *(RMB'000)*	**2,886**	2,178
Plus: loss on deemed disposal of subsidiaries upon loss of control, net *(RMB'000)*	**119,825**	–
Core profit attributable to owners of the parent of the Company *(RMB'000)*	**1,025,336**	1,089,922
Weighted average number of ordinary shares in issue *('000)*	**3,456,000**	3,456,000
Basic earnings per share *(RMB per share)*	**0.36**	0.43
Basic core earnings per share *(RMB per share)*	**0.30**	0.32

As the share options outstanding during the year ended 31 December 2014 had no dilutive effect on the basic earnings per share, diluted earnings per share was the same as basic earnings per share. The core profit attributable to owners of the parent of the Company is the profit attributable to owners of the parent of the Company excluding fair value gain on investment properties net of deferred tax and fair value gain on derivative financial instruments and add back loss on extinguishment of financial liabilities, realised fair value gain on investment properties disposed net of deferred tax, equity-settled share option expenses and loss on deemed disposal of subsidiaries upon loss of control, net.

Financial Review

The Group adopted a prudent financial policy and continued to monitor the term of debts and the proportion of debts in different currencies to balance the financial risks. In 2014, the Group grasped the debt issuance opportunities of the overseas capital market by issuing five-year senior notes due 2019 in two batches: the first batch USD300 million was issued on 19 January 2014 with a coupon rate of 8.625%; the second batch USD250 million was issued on 2 December 2014 with a coupon rate of 9%. The issuance further replenished the Group's cash flow in support of business development, extended the average maturing term of the Company's debt portfolio, and improved the stability of its financing platform. In respect of domestic financing, the Group maintained good cooperative relationships with commercial banks. As of 31 December 2014, the credit facilities given by domestic and foreign commercial banks to the Group totaled RMB10,142.49 million, with unused credit facilities of RMB2,675.31 million.

Borrowings

As of 31 December 2014, bank and other borrowing worth RMB8,665.85 million were secured by the investment properties and properties under development with an aggregate carrying value of RMB12,429.83 million. The bonds balance was RMB6,738.56 million. As of 31 December 2014, the weighted average interest rate of the Group was 8.49%, compared with 8.69% in 2013, decreased 0.2 percentage point.

In 2014, the Group's bank loans and bonds balance totaled RMB15,404.41 million, with the repayment periods set out as follows:

Maturity	**2014**	2013
	(RMB'000)	*(RMB'000)*
Bank and other borrowings		
Within 1 year	**3,805,451**	1,984,444
1 to 2 years	**1,818,074**	1,516,132
2 to 5 years	**2,882,673**	1,507,514
Over 5 years	**159,650**	1,433,239
	8,665,848	6,441,329
Senior Notes		
2 to 5 years	**6,738,562**	3,268,953
Total	**15,404,410**	9,710,282

Gearing Ratio

As of 31 December 2014, the net current assets of the Group were RMB12,281.25 million, up by 18.50% from RMB10,364.09 million in 2013. As at 31 December 2014, the gearing ratio (interest-bearing bank and other loans and senior notes deducted by cash and cash equivalents and restricted cash and then divided by total equity) of the Group was 59.85%, down 18.13 percentage points from 77.98% in 2013. The decrease was mainly due to the cash receipt of capital contribution from non-controlling shareholders and joint venture partners to our projects. The Group's current ratio fell from 1.90 times in 2013 to 1.71 times in 2014.

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 2014, outstanding buy-back guarantees amounted to RMB6,573.78 million (2013: RMB6,171.79 million).

Currency Risk

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

	Bank and Other Borrowings and Senior Notes Balance *(RMB'000)*	**Cash Balance** *(RMB'000)*
HK$	1,717,870	550,389
RMB	6,258,750	6,751,178
US$	7,427,790	2,481,061
S$	–	2,114
Total	15,404,410	9,784,742

A reasonably possible appreciation of 1% in the exchange rate between the Hong Kong dollar or United States dollars against the Renminbi would have no material impact on the Group's profit during the year and this would result in an increase/(decrease) in other components of the Group's equity by RMB4.63 million (2013: decrease of RMB8.62 million) in 2014.

Cash Position

As of 31 December 2014, the Group had RMB9,784.74 million of cash and cash equivalents and restricted cash, up by 151.95% from RMB3,883.63 million in 2013.

Commitment

As at 31 December 2014, the Group had commitments in respect of development expenditure on real estate of approximately RMB3,363.41 million (approximately RMB3,181.98 million in 2013). The Group is also committed to the payment of land premium in respect of land acquisition of approximately RMB4,029.97 million (approximately RMB3,001.97 million in 2013) and in respect of acquisition of a project company of approximately RMB221.46 million (RMB237.06 million in 2013).

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 is very experienced in properties development industry with over 11 years' experience for most of the senior executives. With the strong leadership 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.

Employees contribute to the development of the Group. Yuzhou has established an effective system to recruit and retain talents. The recruitment and training scheme under "Yuzhou Young Talents Activity" has laid a foundation for developing a talent team and injecting fresh vitality into the Company. A total of 58 fresh graduates were recruited during 2014. In addition, the Group employed 19 talents from other industries under its "Talent Hunting" scheme. Most of them were elites from the top ten enterprises in each industry, which provided the personnel guarantee for the Group's fresh project expansion (in places such as Nanjing).

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 2014, the Group had a total staff of 2,596. For the year ended 31 December 2014, the total staff costs (including directors' fees) amounted to RMB103.30 million (RMB88.57 million in 2013).

PAYMENT OF DIVIDEND

The Board declared an interim dividend of HK16 cents per share for the year ended 31 December 2014. Further announcement will also be made in respect of the date of the 2015 AGM and the book close period 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2014.

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 year, the Group had adopted, applied and complied with the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange except the following deviation:

Code provision A2.1 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.

SHARE OPTION SCHEME

The board of directors of the Company announces that on 20 January 2015, the Company has granted share options under its share option scheme adopted on 24 May 2010 to certain directors and employees of the Group which, subject to the acceptance of the Grantees, entitles the Grantees to subscribe for an aggregate of 16,445,000 new shares of HK$0.10 each in the share capital of the Company at the exercise price per share of HK$1.892.

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 2014.

DEVELOPMENT STRATEGIES AND PROSPECT

By combining the macro-economic and market outlook in 2015, with the analysis conducted by the Group's management on the trend of the real estate industry, the Group will continue to implement its unswervingly grand strategy of "Based in West Strait and Expand Nationwide Coverage in China" (立足海西，建樹中國) in the upcoming 5 to 10 years. "Based in West Strait" implies that we need to cultivate and root in the West Strait Economic Zone market. All cities that we entered should take into account the "sell-through rate, profit margin and execution", and form the synergy effect through radiating among city agglomeration. "Expand Nationwide Coverage in China" means the need to realize our middle to long term strategic layout. The Group will maintain moderate scale expansion, consolidate current nationwide regional layout, and form the synergetic development layout of focusing on the West Strait Economic Zone, and taking tier 1 and 2 core cities in the Yangtze River Delta Region and the Bohai Rim Region with great development potentials as regional centers, and, on top of that, attempt to extend our operations to cities overseas, like Hong Kong, to realize a prudent strategic expansion "from the core cities to the regions and the whole country."

As the current land reserve will be able to meet the needs for next 3 to 5 years, the Group will not acquire any land without any purpose. It is envisaged that the West Strait Economic Zone, with Xiamen as its centre, will remain the key region for our future development with the proportion in land reserves of no less than 50%. For areas outside the West Strait Economic Zone that we have already had a foothold, we will also allocate resources appropriately to increase local land reserve at reasonable prices. We will also target at the West Strait Economic Zone, Yangtze River Delta Region and the Bohai Rim Region, continue to raise the level of our land reserve in Shanghai, Xiamen and Hefei, tap into Nanjing market, cultivate Xiamen, Hefei, Shanghai, Fuzhou and Nanjing with the goal to consolidate our business in these five 5 billion worth of core cities and exploit in peripheral cities that hold economic potential and population inflow, so that a regional strong scale can be formed while excessive expansion can be avoided.

The Group will continue to balance the weight of income from property sales and investment property, focusing on property sales and properly holding investment properties including shops, hotels and office building situated at core locations in tier 1 and 2 cities. Property sales and rental income will continuously bring cash flow, enabling the Group to seize suitable business development opportunities while keeping a healthy net gearing ratio.

With the development of the industry and the continued market adjustment, Yuzhou Properties will transform from single-oriented to multi-oriented business in response to the circumstances. We will take advantage of our existing resource to turn ourselves from a developer into an operator and service provider, and go from off-line to on-line and build an on-line platform for community service, seeking new business growth and breakthroughs in property management, community service, and other relevant perspectives. On the other hand, we will continue to innovate and actively probe into different types of products, such as endowment real estate and commercial complexes, to build diversified, industry-leading products. In general, Yuzhou is on its way to "diversified group, professional real estate company".

While ensuring growth, Yuzhou Properties will also actively maintain an efficient two-way communication with various institutes in international capital market to establish long-term and stable relationships. This will facilitate the Group in expanding its financing channels as well as reducing financing costs, optimizing financial structure, quickening cash collection, improving the financial risk monitoring system and increasing efforts to ensure fund security. The Group will continue to make breakthroughs in resources integration, engage itself in diversified methods of cooperation in terms of introduction of funds or cooperation with peer companies, in project development with open mind and flexibility.

In addition, the Group will enhance its cooperation with financial institutions and other strategic partners in every link of business, and seek the opportunities of acquisition and merger in the industry, thus achieving the goal of "quality growth". Moreover, we will always abide by the strict financial systems and guidelines, control the Group's debt ratio and maintain cash flow at a reasonable level. We believe that such operational strategies would enable the Group to maintain our competitiveness and lower risks in the changing market environment, which in turn would ensure the Group's sustainable development.

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

Hong Kong, 25 March 2015

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 independent non-executive Directors of the Company are Mr. Gu Jiande, Mr. Lam Kwong Siu and Mr. Wee Henny Soon Chiang.

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 2014 Annual Report will also be available at the aforementioned websites and will be despatched to shareholders of the Company in due course.