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-MONTH PERIOD ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

1. Contracted sales achieved approximately RMB5,736.45 million in the first half year, representing an increase of 8.1% period-on-period and accounted for 43% of full year's target.

2. Revenue was RMB3,501.77 million. Gross profit was RMB1,188.17 million. Gross profit margin was 33.93%, staying at a healthy level in the industry.

3. Profit attributable to owners of the parent was up 14.86% from RMB559.3 million in the first half of 2014 to RMB642.43 million in the first half of 2015.

4. Core profit attributable to owners of the parent rose 13.58% to RMB552.04 million. Core profit margin was 15.76%. Core profit per share was RMB15.61 cents, up 11.02%.

5. Basic earnings per share was RMB18.16 cents, up 12.24% from RMB16.18 cents in the corresponding period of 2014.

6. At the end of the period, the Group had an aggregate saleable land reserve of approximately 8.81 million sq.m. Gross floor area ("GFA") with the average land cost of approximately RMB2,471 per sq.m..

7. Gearing ratio was 69.02%. Weighted average funding cost decreased from 8.49% in the end of December 2014 to 8.17% by the end of June 2015.

The board of directors (the "**Board**") of Yuzhou Properties Company Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six-month period ended 30 June 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2015

		For the six-month period ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**3,501,771**	3,924,004
Cost of sales		**(2,313,601)**	(2,508,492)
Gross profit		**1,188,170**	1,415,512
Fair value gain on investment properties, net		**53,241**	57,573
Fair value gain/(loss) on derivative financial instruments, net		**(30,633)**	326,921
Other income and gains	*3*	**179,115**	38,308
Selling and distribution expenses		**(86,166)**	(83,425)
Administrative expenses		**(103,932)**	(98,972)
Other expenses		**(2,435)**	(288,161)
Finance costs	*6*	**(66,353)**	(78,395)
Share of profits and losses of joint ventures, net		**(49,601)**	(16,374)
PROFIT BEFORE TAX	*5*	**1,081,406**	1,272,987
Income tax	*7*	**(416,709)**	(624,200)
PROFIT FOR THE PERIOD		**664,697**	648,787
Attributable to:			
Owners of the parent		**642,427**	559,297
Non-controlling interests		**22,270**	89,490
		664,697	648,787
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic *(RMB cents per share)*	*9*	**18.16**	16.18
– Diluted *(RMB cents per share)*	*9*	**18.16**	16.18

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2015

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**664,697**	648,787
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(8,153)**	(152,352)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**656,544**	496,435
Attributable to:		
Owners of the parent	**634,274**	407,176
Non-controlling interests	**22,270**	89,259
	656,544	496,435

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Note	**30 June 2015** **RMB'000** **(Unaudited)**	31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**830,902**	794,624
Investment properties		**6,153,248**	5,960,488
Investment in joint ventures		**3,143,714**	2,507,657
Deferred tax assets		**328,530**	252,374
Total non-current assets		**10,456,394**	9,515,143
CURRENT ASSETS			
Land held for property development for sale		**1,225,674**	665,462
Properties under development		**14,784,882**	12,276,088
Properties held for sale		**3,372,862**	4,037,040
Prepayments for acquisition of land		**2,605,622**	984,905
Prepayments, deposits and other receivables		**1,840,364**	1,678,957
Prepaid corporate income tax		**73,855**	28,590
Prepaid land appreciation tax		**43,289**	19,082
Derivative financial instruments		**54,404**	84,998
Restricted cash		**693,539**	488,765
Cash and cash equivalents		**7,721,576**	9,295,977
Total current assets		**32,416,067**	29,559,864
CURRENT LIABILITIES			
Receipts in advance		**6,061,999**	3,893,049
Trade payables	*10*	**3,779,933**	3,690,128
Other payables and accruals		**4,910,523**	3,877,582
Interest-bearing bank and other borrowings		**3,371,662**	3,805,451
Corporate income tax payables		**676,164**	998,253
Provision for land appreciation tax		**908,973**	1,014,147
Total current liabilities		**19,709,254**	17,278,610
NET CURRENT ASSETS		**12,706,813**	12,281,254
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,163,207**	21,796,397

	30 June 2015 *RMB'000* (Unaudited)	31 December 2014 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**5,360,361**	4,860,397
Senior notes	**6,743,148**	6,738,562
Deferred tax liabilities	**831,056**	807,639
Total non-current liabilities	**12,934,565**	12,406,598
Net assets	**10,228,642**	9,389,799
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**324,472**	296,439
Reserves	**8,665,425**	7,876,885
	8,989,897	8,173,324
Non-controlling interests	**1,238,745**	1,216,475
Total equity	**10,228,642**	9,389,799

1. BASIS OF PREPARATION

The condensed consolidated interim financial information (the "interim financial information") for the six-month period ended 30 June 2015 is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The interim financial information has been prepared on the historical cost convention, except the investment properties and certain financial instruments, which are measured at fair value. Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current period, the Group has applied for the first time, the following new and revised interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The application of the above new and revised HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

3. 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, net invoiced value from trading of construction materials and gross revenue from hotel operation, all net of business tax, value-added tax and surcharges, during the period.

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

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	**3,418,051**	3,833,688
Rental income	**31,347**	28,282
Property management fee income	**42,068**	26,892
Sales of construction materials	**2,850**	27,871
Hotel operation income	**7,455**	7,271
	3,501,771	3,924,004
Other income and gains		
Bank interest income	**36,128**	24,243
Rental income from properties held for sale	**2,864**	2,577
Gain on bargain purchase of a subsidiary, net of loss on remeasurement of a pre-existing interest in a joint venture	**128,356**	–
Others	**11,767**	11,488
	179,115	38,308

4. 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 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. 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.

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.

For the six-month period ended 30 June 2015

	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	3,418,051	31,347	42,068	7,455	2,850	3,501,771
Other revenue	138,733	23	1,798	–	2,433	142,987
Total	3,556,784	31,370	43,866	7,455	5,283	3,644,758
Segment results	1,116,833	60,735	(9,449)	3,069	(59,557)	1,111,631
Reconciliation:						
Interest income						36,128
Finance costs						(66,353)
Profit before tax						1,081,406
Income tax						(416,709)
Profit for the period						664,697

For the six-month period ended 30 June 2014

	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	3,833,688	28,282	26,892	7,271	27,871	3,924,004
Other revenue	6,445	33	1,642	–	5,945	14,065
Total	3,840,133	28,315	28,534	7,271	33,816	3,938,069
Segment results	967,244	72,190	(10,804)	(1,204)	299,713	1,327,139
Reconciliation:						
Interest income						24,243
Finance costs						(78,395)
Profit before tax						1,272,987
Income tax						(624,200)
Profit for the period						648,787

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 this interim financial information.

Information about major customers

During the six-month periods ended 30 June 2015 and 2014, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. PROFIT BEFORE TAX

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

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**2,646**	25,185
Cost of properties sold	**2,256,641**	2,455,463
Cost of services provided	**54,314**	27,844
Depreciation	**22,494**	10,670
Loss on disposal of items of property, plant and equipment, net	**–**	38
Loss on disposal of investment properties, net	**–**	3,233
Gain on bargain purchase of a subsidiary, net of loss on remeasurement of a pre-exisiting interest in a joint venture	**(128,356)**	–
Loss on deemed disposal of a subsidiary upon loss of control	**–**	283,012
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**7,266**	6,308

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**224,417**	238,273
Interest on other loans	**60,322**	59,803
Interest on senior notes	**331,082**	238,474
Total interest expense on financial liabilities not at fair value through profit or loss	**615,821**	536,550
Less: Interest capitalised	**(549,468)**	(458,155)
	66,353	78,395

7. 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 each of the six-month periods ended 30 June 2015 and 2014. 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 each of the six-month periods ended 30 June 2015 and 2014.

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

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current:		
PRC corporate income tax	**253,583**	319,717
PRC land appreciation tax ("LAT")		
– Charge for the period	**222,967**	277,212
– Overprovision in prior years*	**(110,120)**	–
	366,430	596,929
Deferred:		
Current period	**22,749**	27,271
Reversal of deferred tax assets in respect of LAT overprovided in prior years	**27,530**	–
	50,279	27,271
Total tax charge for the period	**416,709**	624,200

* During the six-month period ended 30 June 2015, based on the local tax bureau's final LAT liability assessments, the Group has reversed and recognised an overprovision for LAT of RMB110,120,000 (30 June 2014: Nil) on certain property development projects, which had been completed and sold in previous years, in profit or loss for the current period.

8. INTERIM DIVIDEND

The board of directors of the Company resolved not to recommend the payment of an interim dividend for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: Nil).

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

The calculation of the basic earnings per share amounts for the six-month period ended 30 June 2015 is based on the consolidated profit attributable to owners of the parent of RMB642,427,000 (six-month period ended 30 June 2014: RMB559,297,000) and the weighted average number of ordinary shares of 3,537,546,960 (six-month period ended 30 June 2014: 3,455,999,999) in issue during the period.

The calculation of the diluted earnings per share amounts for the six-month period ended 30 June 2015 is based on the consolidated profit attributable to owners of the parent of RMB642,427,000 and the weighted average number of ordinary shares used in the calculation is the total of (i) the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares (see below).

	Number of shares	
	30 June 2015	30 June 2014
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**3,537,546,960**	3,455,999,999
Effect of dilution – weighted average number of ordinary shares:		
Share options	**431,938**	–
Weighted average number of ordinary shares in issue during the period, used in the diluted earnings per share calculation	**3,537,978,898**	3,455,999,999

No adjustment has been made to the basic earnings per share amounts presented for the six-month period ended 30 June 2014 in respect of a dilution as the impact of the share options outstanding during the prior period had an anti-dilutive effect on the basic earnings per share amounts presented in the prior period.

10. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**2,705,967**	2,784,053
One to two years	**1,073,966**	906,075
	3,779,933	3,690,128

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

11. EVENT AFTER THE REPORTING PERIOD

In July 2015, a subsidiary of the Company won a bid to acquire a parcel of land located in Hefei, the PRC, through public bidding. The consideration of the land is RMB700,050,000, of which RMB350,025,000 has been paid by the subsidiary as of the date of approval of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2015, driven by favorable policies including credit easing and cancellation on restriction of house purchase in several cities, housing demand was released. The PRC real estate market picked up generally, especially in the tier 1 and 2 cities. Going with the favorable market conditions, the Group adopted flexible strategies for project development and marketing in the first half of the year, and launched a number of projects meeting rigid demand and upgrade demand, including Yuzhou Central Coast and Yuzhou Riverside City Town in Xiamen, Yuzhou Skyline and Yuzhou Central Plaza in Hefei, and Yuzhou Oriental Venice in Fuzhou. The Group achieved satisfactory results with excellent performance of market share in Xiamen and Hefei. In terms of contracted saleable GFA, the Group's market share ranked number one in Xiaman and as one of top four in Hefei.

During the period, the Group ranked 36th in the "2015 China Top 100 Real Estate Developers" selected by 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 "2015 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, ranking 37th. This consistently makes us a well recognised brand identity.

In addition, we believe execution power, 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 one parcel of land with the average land cost of RMB8,979 per sq.m. and the aggregate GFA of approximately 0.30 million sq.m.. We expect this investment will provide satisfactory returns to the Group in the future.

Overall Performance

In the six-month period ended 30 June 2015, revenue of the Group was RMB3,501.77 million, representing a decrease of 10.76% as compared with the corresponding period of the previous year, mainly due to the decrease in GFA of property delivered during the period. Gross profit decreased 16.06% as compared with the corresponding period of the previous year to RMB1,188.17 million. Gross profit margin decreased by 2.14 percentage points to 33.93%. Net profit margin increased by 2.45 percentage points to 18.98%. Profit attributable to owners of the parent recorded an increase of 14.86% to RMB642.43 million. Basic earnings per share was RMB18.16 cents, up 12.24%. Core profit attributable to owners of the parent rose 13.58% to RMB552.04 million. Core earnings per share was RMB15.61 cent, up 11.02% and core profit margin was 15.76%. The Board resolved not to recommend the payment of an interim dividend for the six-month period ended 30 June 2015.

Sale of Properties

In the six-month period ended 30 June 2015, the revenue of property sales by the Group decreased by 10.84% as compared with the corresponding period of the previous year to RMB3,418.05 million, accounting for 97.61% of the total revenue. For the six-month period ended 30 June 2015, the Group delivered an aggregate GFA of approximately 314,613 sq.m., dipping by 13.19% as compared with the corresponding period of 2014. The average selling price of the properties delivered and recognised as property sales was RMB10,864 per sq.m. in the first half of 2015, representing a growth of 2.69% as compared with the same period of 2014.

The recognized sales and area sold of each project in the first half of 2015 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	87,559	4,974	17,603
Yuzhou Shoreline	Xiamen	553,316	22,755	24,316
Yuzhou Central Coast Phase I	Xiamen	77,501	7,727	10,030
Yuzhou Central Coast Phase II	Xiamen	167,648	13,818	12,133
Yuzhou Riverside City Town	Xiamen	45,084	3,675	12,268
Yuzhou Cloud Top International	Xiamen	534,127	15,454	34,562
Yuzhou Gushan No.One	Fuzhou	186,167	10,484	17,757
Yuzhou Oriental Venice Phase II	Fuzhou	30,912	1,898	16,287
Yuzhou Oriental Venice Phase III	Fuzhou	619,918	65,807	9,420
Yuzhou City Plaza	Quanzhou	377,052	60,668	6,215
Others	Xiamen	4,633	456	10,160
Sub-total		2,683,917	207,716	12,921
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	22,617	1,375	16,449
Yuzhou Skyline	Hefei	199,633	26,365	7,572
Sub-total		222,250	27,740	8,012
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	511,884	79,157	6,467
Sub-total		511,884	79,157	6,467
Total		3,418,051	314,613	10,864

The recognized sales and area sold of each project in the first half of 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	56,249	16,824	3,343
Yuzhou Golden Seacoast	Xiamen	15,980	5,270	3,032
Yuzhou Castle above City	Xiamen	84,029	11,742	7,156
Yuzhou Golf	Xiamen	94,094	8,153	11,541
Yuzhou Shoreline	Xiamen	577,023	40,461	14,261
Yuzhou Central Coast Phase I	Xiamen	209,543	19,619	10,681
Yuzhou Central Coast Phase II	Xiamen	1,971,891	153,540	12,843
Yuzhou Riverside City Town	Xiamen	247,716	24,469	10,124
Yuzhou Gushan No.One	Fuzhou	122,097	7,412	16,473
Yuzhou Oriental Venice	Fuzhou	12,993	658	19,746
Yuzhou City Plaza	Quanzhou	132,999	27,179	4,893
Others	Xiamen	3,181	706	4,506
Sub-total		3,527,795	316,033	11,163
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	21,055	1,244	16,925
Yuzhou Skyline Phase I	Hefei	30,558	3,054	10,006
Yuzhou Skyline Phase II	Hefei	33,698	3,384	9,958
Yuzhou Skyline Phase III	Hefei	220,582	38,681	5,703
Sub-total		305,893	46,363	6,598
Total		3,833,688	362,396	10,579

Contracted Sales

For the six-month period ended 30 June 2015, the Group's contracted sales totaled approximately RMB5,736.45 million, representing an increase of 8.1% period-on-period, completing 43% of our full-year contracted sales target of RMB13.5 billion set at the beginning of this year. The contracted sales area amounted to 637,081 sq.m., and the average selling price was RMB9,004 per sq.m. for the first six months of this year. In addition, the sales of properties subscribed for but not contracted totaled approximately RMB662.09 million.

The contracted sales and GFA sold of each project in the first half of 2015 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 Golf	Xiamen	6,212	396	15,687
Yuzhou Shoreline	Xiamen	75,311	2,696	27,934
Yuzhou Central Coast	Xiamen	972,491	55,735	17,448
Yuzhou Riverside City Town	Xiamen	537,140	53,058	10,124
Yuzhou Cloud Top International	Xiamen	349,035	9,296	37,547
Haicang Dream Town	Xiamen	285,310	18,742	15,223
Yuzhou Gushan No.One	Fuzhou	16,950	1,818	9,323
Yuzhou Oriental Venice Phase I&II	Fuzhou	5,860	303	19,340
Yuzhou Oriental Venice Phase III	Fuzhou	455,571	44,704	10,191
Yuzhou City Plaza	Quanzhou	264,288	42,609	6,203
Yuzhou Castle above City	Longyan	298,125	54,814	5,439
Others	Xiamen	10,294	1,441	7,144
Sub-total		3,276,587	285,612	11,472
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	6,221	594	10,473
Yuzhou City Plaza	Shanghai	49,774	6,080	8,187
Yuzhou Commercial Plaza	Shanghai	39,132	1,870	20,926
Yuzhou Skyline	Hefei	540,712	80,427	6,723
Yuzhou Jade Lakeshire	Hefei	377,021	51,907	7,263
Yuzhou Central Plaza	Hefei	544,698	84,715	6,430
Yuzhou Town	Hefei	361,557	37,633	9,607
Yuzhou Royal Seal	Hefei	220,150	32,763	6,719
Yuzhou Prince Lakeshire	Bengbu	90,451	21,349	4,237
Sub-total		2,229,716	317,338	7,026

Name of Project	City	Amount *(RMB'000)*	Saleable GFA *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	160,493	24,792	6,474
Yuzhou Royal Lakeshire	Tianjin	69,657	9,339	7,459
Sub-total		230,150	34,131	6,743
Total		5,736,453	637,081	9,004

The contracted sales and area sold of each project in the first half of 2014 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 Golf	Xiamen	185,699	11,753	15,800
Yuzhou Shoreline	Xiamen	1,015,198	52,427	19,364
Yuzhou Central Coast Phase I	Xiamen	184,638	20,162	9,158
Yuzhou Central Coast Phase II	Xiamen	46,651	3,033	15,381
Yuzhou Central Coast Phase III	Xiamen	272,416	13,925	19,563
Yuzhou Riverside City Town	Xiamen	200,097	18,071	11,073
Yuzhou Cloud Top International	Xiamen	475,424	13,322	35,687
Haicang Dream Town	Xiamen	587,290	45,094	13,024
Yuzhou Gushan No.One	Fuzhou	24,290	1,368	17,756
Yuzhou Oriental Venice Phase II	Fuzhou	135,718	6,370	21,306
Yuzhou City Plaza	Quanzhou	318,078	43,408	7,328
Yuzhou Castle above City	Longyan	15,901	2,126	7,479
Others	Xiamen	68,325	14,254	4,793
Sub-total		3,529,725	245,313	14,389

Name of Project	City	Amount *(RMB'000)*	Saleable GFA *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	40,773	2,273	17,938
Yuzhou Skyline Phase I	Hefei	34,960	3,153	11,088
Yuzhou Skyline Phase II	Hefei	20,271	1,456	13,922
Yuzhou Skyline Phase III	Hefei	587,935	79,519	7,394
Yuzhou Jade Lakeshire	Hefei	318,376	42,465	7,497
Yuzhou Central Plaza	Hefei	500,088	82,794	6,040
Yuzhou Prince Lakeshire	Bengbu	133,690	26,303	5,083
Sub-total		1,636,093	237,963	6,875
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	144,507	20,275	7,127
Sub-total		144,507	20,275	7,127
Total		5,310,325	503,551	10,546

Investment Properties

As of 30 June 2015, the income from investment properties of the Group was approximately RMB31.35 million, representing a growth of approximately 10.84% as compared with the same period of 2014. The Group held a total of approximately 318,000 sq.m. of completed investment properties on lease. The occupancy rate of World Trade Center in Xiamen during the period was 93.32%. The occupancy rate of World Trade Plaza in Xiamen during the period was 96.34%. The occupancy rate of Shanghai Yuzhou Plaza was 67.64%. The occupancy rate of Xiamen Yuzhou Plaza was 44.21%. Both Shanghai and Xiamen Yuzhou Plaza commenced operation in December 2014.

Hotel Operation

The expansion into the hotel industry would broaden the source of the Group's revenue. Most hotels of the Group are still under development and construction. The Yuzhou Camelon Hotel Apartment in Xiamen contributed a hotel operation income of RMB7.46 million during the period representing a 2.53% increase comparing to the corresponding period of 2014.

Property Management

The Group continued to improve its service quality and maintained a high level of customer satisfaction through regular check on projects and trainings for customer service staff. In order to provide advanced high value-added service to our customers, and as a part of our efforts to create smart communities, we launched "Community O2O Service Platform"(社區O2O服務平台) on WeChat in the first half of 2015, which features a range of "butler" services, including community notice, fees payment, engineering repair, community group purchase which are taylormade for home owners of our communities, marking the official adoption by Yuzhou of online property management operating model. During the period, the property management companies of the Group recorded a property management fee income of RMB42.07 million, up 56.43% as compared with the corresponding period of 2014. With an increase in the area of delivered properties, the property management companies managed an aggregate GFA of approximately 4.27 million sq.m. in China as of 30 June 2015.

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)" and focused on replenishing land reserve in West Strait Economic Zone, Yangtze River Delta, Bohai Rim region. On the principle of "Establishing strong foundation in every city entered", the Group selected strategic locations with high potential for project development.

As of 30 June 2015, the aggregate salable GFA of land reserves of the Group was 8.81 million sq.m., with a total of 47 projects located in eleven cities in West Strait Economic Zone, Yangtze River Delta, Bohai Rim region and Hong Kong; the average land cost was approximately RMB2,471 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for its development over the next four or five years.

Saleable GFA of Land Reserves (sq.m.)
As at 30 June 2015

Region	Number of Projects	Area *(sq.m.)*
West Strait Economic Zone		
Xiamen	24	2,215,094
Fuzhou	3	525,055
Quanzhou	1	1,194,839
Longyan	1	312,330
Zhangzhou	1	255,000
Sub-total	30	4,502,318

Region	Number of Projects	Area
		(sq.m.)
Yangtze River Delta Region		
Shanghai	6	635,747
Nanjing	1	112,865
Hefei	6	2,537,619
Bengbu	1	668,333
Sub-total	14	3,954,564
Bohai Rim Region		
Tianjin	2	351,447
Sub-total	2	351,447
Offshore		
Hong Kong	1	2,214
Sub-total	1	2,214
Total	47	8,810,543

In January 2015, the Group acquired one new parcel of high quality land with an aggregate GFA of 305,160 sq.m. and an average land cost of approximately RMB8,979 per sq.m.. This project is expected to commence presale next year and provide satisfactory returns to the Group.

Particulars of this parcel of land are set out in the following table:

Name of Project	City	Acquisition Cost	GFA	Land Cost
		(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Jimei Project	Xiamen	2,740,000	305,160	8,979
Total		2,740,000	305,160	8,979

Revenue

The revenue of the Group mainly came from four such business categories, as property sales, rental of investment properties, property management, and hotel operation. For the six-month period ended 30 June 2015, the revenue of the Group was RMB3,501.77 million, representing a decrease of 10.76% period-on-period, mainly because of a decrease in property sales income recognized due to the decrease in GFA of property delivered during the period. Specifically, the income from sale of properties was approximately RMB3,418.05 million, down 10.84% compared to the corresponding period of last year; the rental income from investment properties was around RMB31.35 million, up 10.84% compared to the corresponding period of last year; the property management fee income was about RMB42.07 million, up 56.43% compared to the corresponding period of last year; the hotel operation income was about RMB7.46 million, up 2.53% compared to the corresponding period of last year.

Cost of Sales

The cost of sales of the Group mainly encompassed land cost, construction cost and capitalized interest. For the six-month period ended 30 June 2015, the cost of sales of the Group was RMB2,313.60 million, down 7.77% from the RMB2,508.49 million in the corresponding period of 2014. The decrease in the cost of sales was compatible with the decrease in GFA of property delivered during the period.

Gross Profit and Gross Profit Margin

The gross profit of the Group was RMB1,188.17 million in the first half of 2015, down 16.06% period-on-period. Gross profit margin was 33.93%, down 2.14 percentage points from the corresponding period of 2014, staying at a healthy level in the industry. The decrease was primarily attributed to the rising proportion of mid-priced delivered properties.

Fair Value Gain on Investment Properties

During the first half of 2015, the Group recorded a fair value gain on investment properties of RMB53.24 million, which mainly attributed to the increase in fair value of Xiamen Yuzhou Plaza and Shanghai Yuzhou Plaza newly established at the year end of 2014.

Other Income and Gains

Other income and gains increased 3.68 times from approximately RMB38.31 million in the first half of 2014 to RMB179.12 million in the first half of 2015. The increase was mainly due to the acquisition of remaining interest of a joint venture company Fujian Big World Huaxia Real Estate Development Co., Ltd (the "Fujian Big World Huaxia") which generated a gain of RMB128.36 million (disclosed as gain on bargain purchase of a subsidiary, net of loss on remeasurement of a pre-existing interest in a joint venture). After the acquisition, Fujian Big World Huaxia become a wholly owned subsidiary of the Group.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by 3.29% from approximately RMB83.43 million in the first half of 2014 to approximately RMB86.17 million in the first half of 2015. The selling and distribution expenses of the first half of 2015 accounted for 1.50% (The first half of 2014: 1.57%) of total contracted sales, representing a decrease over the previous period and remaining at a mid-to-lower level in the industry. With a tightening budget, the Group made breakthrough in terms of marketing innovation on top of various means of traditional marketing, by greater efforts on promotion via new media (e.g. WeChat), and innovative experience marketing activities like cooperation with Yourtime Books and use of Virtual Reality in our sample houses.

Administrative Expenses

Administrative expenses of the Group increased by 5.01% from approximately RMB98.97 million in the first half of 2014 to approximately RMB103.93 million in the first half of 2015, with the proportion of administrative expenses to total contracted sales decreased to 1.81% (first half of 2014: 1.86%), mainly due to the Group's implementation of cost control measures, improve operational efficiency and maintain a low proportion of administrative expenses to contracted sales.

Other expenses

Other expenses decreased by 99.15% from approximately RMB288.16 million in the first half of 2014 to approximately RMB2.44 million in the first half of 2015. The decrease was mainly because in the first half of 2014, a subsidiary of the Group entered into capital increase agreements with certain independent third parties, which was classified as a loss on deemed disposal of a subsidiary of RMB283.01 million.

Finance Costs

Finance costs of the Group decreased by 15.36% from approximately RMB78.40 million in the first half of 2014 to approximately RMB66.35 million in the first half of 2015. Due to the increase in total interest-bearing debt, total interest expense before capitalisation increased by 14.77% to RMB615.82 million (first half of 2014: RMB536.55 million). After deducting project development related interest capitalisation of RMB549.47 million (first half of 2014: RMB458.16 million), finance costs decreased as compared to the first half of 2014.

Share of Profits and Losses of Joint Ventures

Share of losses of joint ventures increased by 202.93% from approximately RMB16.37 million in the first half of 2014 to approximately RMB49.60 million in the first half of 2015. The increase was mainly due to the acquisition of remaining interest of a joint venture company Fujian Big World Huaxia which generated a fair value loss of RMB45.45 million. After the acquisition, Fujian Big World Huaxia became a wholly owned subsidiary of the Group.

Income Tax

Income tax of the Group decreased by 33.24% from approximately RMB624.20 million in the first half of 2014 to approximately RMB416.71 million in the first half of 2015. During the period, RMB110.12 million of previous year over provided LAT and RMB27.53 million deferred tax asset related to the over provided LAT were reversed. Due to the decrease in profit before tax and above mentioned tax reversal, income tax decreased as compare to the first half of 2014.

Profit attributable to owners of the parent

Profit attributable to owners of the parent increased by 14.86% from approximately RMB559.30 million for the six-month period ended 30 June 2014 to approximately RMB642.43 million for the six-month period ended 30 June 2015 mainly due to the above mentioned factors. Core profit attributable to owners of the parent increased by 13.58% from approximately RMB486.05 million for the first half of 2014 to approximately 552.04 million, with core profit margin at 15.76%.

Return on Equity

Annualised return on equity in first half of 2015 was 14.97%. For the six-month period ended 30 June 2015, return on equity represented annualised 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 period.

Basic Earnings Per Share and Core Earnings Per Share

Core earnings per share is calculated by dividing the core profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period. The calculation of basic and core earnings per share are based on the following data:

	Six-month period ended	
	30 June 2015	30 June 2014
	(RMB'000)	*(RMB'000)*
Profit attributable ordinary equity holder of the parent *(RMB'000)*	**642,427**	559,297
Less: Fair value gain of investment properties, net of deferred tax *(RMB'000)*	**39,931**	43,180
Less: Fair value gain/(loss) on derivative financial instruments *(RMB'000)*	**(30,633)**	326,921
Less: Gain on bargain purchase of a subsidiary net of loss on remeasurement of a pre-existing interest in a joint venture *(RMB'000)*	**128,356**	–
Add: Loss on deemed disposal of a subsidiary upon loss of control *(RMB'000)*	**–**	283,012
Add: Realised fair value gain on investment properties disposed, net of deferred tax *(RMB'000)*	**–**	12,381
Add: Equity-settled share option expenses *(RMB'000)*	**1,814**	1,464
Add: Share of loss on acquisition of remaining interest in a jointly controlled entity *(RMB'000)*	**45,451**	–
Core profit attributable to ordinary equity holder of the parent *(RMB'000)*	**552,038**	486,053
Weighted average number of ordinary shares in issue *('000)*	**3,537,547**	3,456,000
Basic earnings per share *(RMB cents per share)*	**18.16**	16.18
Core earnings per share *(RMB cents per share)*	**15.61**	14.06

Liquidity and Financial Resources

In an effort to balance the financial risk, the Group adopted a prudent financial policy and continued to monitor the term of debts. The Group also managed cash flow with prudence by maintaining low cash reserve and speeding up the collection of the payment from contracted sales. The Group continued to improve financing structure and maintained the proportion of debt and equity financing at the best position to support our long-term business development. In respect of domestic financing, the Group maintained good cooperative relationships with commercial banks. As of 30 June 2015, the total available credit facilities given by domestic and foreign commercial banks to the Group was RMB10,669.63 million, with unused credit facilities of RMB3,135.89 million.

Borrowings

As at 30 June 2015, the Group had bank and other borrowings and senior notes balance of RMB15,475.17 million.

Maturity	**30 June 2015** ***(RMB'000)***	31 December 2014 *(RMB'000)*
Bank and other borrowings		
Within one year or on demand	**3,371,662**	3,805,451
In the second year	**1,943,755**	1,818,074
In the third to fifth years, inclusive	**3,263,856**	2,882,673
Beyond five years	**152,750**	159,650
	8,732,023	8,665,848
Senior Notes		
In the third to fifth years, inclusive	**6,743,148**	6,738,562
Subtotal	**15,475,171**	15,404,410

As at 30 June 2015, the Group recorded a weighted average financing cost of 8.17%, down by 32 basic points when compared to 8.49% as at 31 December 2014.

Cash Position

As of 30 June 2015, the Group had RMB8,415.12 million of cash and cash equivalents and restricted cash, down 14.00% from RMB9,784.74 million as at 31 December 2014.

Gearing Ratio

As at 30 June 2015, the net interest-bearing bank and other borrowings and senior notes less cash and cash equivalents and restricted cash and divided by total equity of the Group increased 9.17 percentage points from 59.85% as at 31 December 2014 to 69.02%. The increase was mainly attributed to the payment of land premium during the period.

Placing of New Shares Under General Mandate

On May 12, 2015, the Group placed 360 million new shares, which represent approximately 10.42% of the issued share capital of 3,456 million of the Company before the placing, at the placing price of HK$2.20 per placing shares. Placees included entities controlled by Taiwan Life Insurance Co., Ltd., and TransGlobe Life Insurance Inc, respectively. The net proceeds from the placing was approximately HK$779 million. The company intends to use the net proceeds for possible investments in the future when opportunities arise.

Currency Risk

The proportions of bank and other borrowings, senior notes and cash balance of the Group in terms of the following currencies:

	Bank and other borrowings and senior notes balance *(RMB'000)*	**Cash balance*** *(RMB'000)*
HK$	1,659,075	244,124
RMB	6,535,498	8,071,056
US$	7,280,598	98,762
SG$	–	1,166
Others	–	7
Total	15,475,171	8,415,115

* *Including restricted cash*

Commitment

As at 30 June 2015, the Group had commitment in respect of development expenditure on real estate of approximately RMB5,727.11 million (approximately RMB3,363.41 million as at 31 December 2014). The Group is also committed to the payment of land cost in respect of land acquisition of approximately RMB1,560.18 million (approximately RMB4,029.97 million as at 31 December 2014) and in respect of acquisition of a project company of approximately RMB217.46 million (approximately RMB221.46 million as at 31 December 2014).

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 2015, outstanding buy-back guarantees amounted to RMB7,732.27 million (31 December 2014: RMB6,573.78 million).

Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Except for the acquisition of the remaining interest of a joint venture, Fujian Big World Huaxia, from independent third parties on April 2015, which became a wholly-owned subsidiary of the Group, the Group had no material acquisitions and disposals of subsidiary and affiliated companies during the period.

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.

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 30 June 2015, the Group had a total staff of 2,737.

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-month period ended 30 June 2015.

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 contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange 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.

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 suitability of the accounting policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2015.

OUTLOOK AND DEVELOPMENT STRATEGIES

In the second half of 2015, the Chinese economy could continue to slow down under structural transformation, and loosen monetary policy is expected to stay intact to maintain stable economic growth. In respect of government regulation on property market, the central government has set a policy goal of steady consumption and stronger demand and establishment of a long-term market mechanism and further regional integration. Local governments are expected to take more proactive approach on policy adjustments and further loosened control on property market accordingly.

Looking forward to the second half of the year, the Chinese property industry would be supported by favorable government policy and higher demand from first-time home buyers and buyers for better housing. While the general market is on an up-trend, the gap between higher-tier cities and lower-tier cities could widen. Robust demand would lead to a steady increase in property prices in the former, and the latter is expected to continue to show a weak performance in property prices due to high levels of inventory as a result of over-development in previous years.

In view of the future trend of the property industry and increased market concentration, the Group will adhere to its strategic guideline of "Based in West Strait and Expand Nationwide Coverage in China" (「立足海西，建樹中國」). The Group will continue to cultivate and root in the West Strait Economic Zone market, and take tier 1 and 2 core cities in the Yangtze River Delta Region and the Bohai Rim Region with great development potentials as regional centers, to form a synergetic development layout, and assure the prudent strategic expansion "from the core cities to the regions and the whole country" is viable.

The Group will prudently select projects with a good potential for return and which are in line with its development needs. It is envisaged that the West Strait Economic Zone, with Xiamen as its center, will remain the key region for our future development. For areas outside the West Strait Economic Zone that we have already had a foothold, we will also allocate resources appropriately to increase land reserve at reasonable prices. We will cultivate Xiamen, Hefei, Shanghai, Fuzhou and Nanjing with the goal to grow our business in these core cities, so that a regional strong scale can be formed while excessive expansion avoided.

The Group will continue to balance the weight of income from property sales and investment property, focusing on property sales and selectively holding investment properties including mall, hotels and office building situated at prime locations in tier 1 and 2 cities.

In response to the general development of the property sector and continuous adjustment of the market, Yuzhou Properties will transform itself from a simplex developer to an integration of developer, operator and service provider by leveraging on its resources, and by further developing its online community service platform, as well as seeking to explore new business growth drivers and make more breakthroughs in terms of community service or other aspects of property management in the Internet Age. The Group will also actively explore fundraising opportunities through innovative financing channels and collaborations, to reduce finance cost in different ways.

The Group is prudently optimistic about the prospects of the property market in China. 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 Lucca Town（盧卡小鎮）in Xiamen, Yuzhou Cambridge Town（劍橋學苑）in Fuzhou, Yuzhou Bustling Center（老城里）in Shanghai, Yuzhou Central Town（中央城）in Hefei and Yuzhou Yuhuatai Project in Nanjing, which are expected to be launched in the second half of 2015, along with existing projects including Yuzhou Central Coast Phase III（中央海岸三期）, Yuzhou Riverside City Town（溪堤尚城）, Yuzhou Skyline Phase III（天境三期）and Yuzhou Central Plaza（中央廣場）, the Group are confident of meeting the target for this year's contracted sales based on the current market conditions.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. We will continue to draw on better corporate governance and management structure as well as the prudent financial strategies and adhere to our spirit of "Building Cities with Heart, Building Homes with Love" and dedicate to maximize the value for our shareholders and investors in creating the best returns.

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

Hong Kong, 27 August 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 the independent non-executive directors of the Company are Mr. Gu Jiande, Mr. Lam Kwong Siu and Mr. Wee Henny Soon Chiang.