

【For Immediate Release】



## Yuzhou Group (01628.HK) Successfully Achieved the 100 Billion Leap, Set Sail with a New Starting Point with Ingenuity

### FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020:

- Contracted sales reached record high. 2020 contracted sales were up by 39.74% year-on-year to RMB104,967.11 million.
- Proposed final dividend of HK21.5 cents per share in aggregate with the interim dividend of HK12 cents per share, total dividend for 2020 is HK33.5 cents per share.
- Cash and bank balances (including restricted cash) amounted to RMB34,468.82 million.
- Weighted average maturity of offshore senior notes was as long as 3.0 years, leading the industry.
- Pre-sale receipts in advance increased by 164% year-on-year, and revenue growth can be expected in the future.
- Average finance cost was 7.19%, which was down by 0.03 percentage point compared with that of 2020 interim.
- Cash short-term debt ratio was nearly 2 times and net gearing ratio was 85.80%, both of which were steady in the green position. The debt-to-asset ratio after excluding advance receipts was about 77.92%, which was down by 1.91 percentage point compared with that of 2020 interim, and the "three red lines" are expected to be fully met.
- Through internal cost control and optimization of operating expense management, the administrative expenses of the Group decreased by 26.31% year-on-year, the cost of sales of the Group decreased by 42.09% year-on-year.

(30 March 2021, Hong Kong) **Yuzhou Group Holdings Company Limited** (“**Yuzhou Group**” or the “**Company**”, together with its subsidiaries, the “**Group**”, stock code: 01628.HK), one of China’s top 40 real estate enterprises, announced the audited results for the year ended 31 December 2020 (the “Reporting Period”).

In 2020, the overall sales volume and turnover of China’s real estate market were affected by the COVID-19 epidemic, and the trading of real estate even came to a sudden halt at the beginning of the year. With the active deployment of the state and governments at all

levels, the efforts of the people all over the country to actively fight against the epidemic have laid a solid foundation for the orderly resumption of work and production since the second quarter. The market has gradually recovered and the demand suppressed by the epidemic has also revived. At the same time, actively responding to the unified deployment of the state, local governments have implemented city-specific policies and introduced preferential policies such as talent settlement policy, which has further boosted the recovery of market sentiment. Thanks to the positive response and rapid decision-making of Yuzhou Group for the unexpected events and adjustment of certain saleable resources at the beginning of the year, the Group finally achieved the contracted sales target of RMB100 billion.

### **Exceeding the Contracted Sales Target of RMB100 Billion, Continuous Generous Dividends to Shareholders**

In 2020, under the strategic guideline of “Leading with locality development”, the Group actively developed in the six major metropolitan areas namely Yangtze River Delta Region, Bohai Rim Region, West Strait Economic Zone, Central China Region, Guangdong-Hong Kong-Macau Greater Bay Area (the “Greater Bay Area”), and Southwest Region, stably promoted the realization of the contracted sales target of RMB100 billion. As of 31 December 2020, the Group’s accumulated contracted sales amounted to approximately RMB104,967.11 million, representing a year-on-year increase of 39.74%. The GFA of contracted sales amounted to 6,264,616 sq.m. and the contracted average selling price was approximately RMB16,756 per sq.m.. Since the three-year sales target of RMB100 billion proposed in 2017, Yuzhou Group has been steadily hitting its contracted sales from RMB40.3 billion in 2017 to RMB56.0 billion in 2018 and RMB75.1 billion in 2019, and finally exceeded the goal of RMB100 billion in 2020 and successfully joined the "Club of 100 Billion".

While growing steadily, the Group has maintained an industry-leading high dividend payout for many years. The Board of Directors proposed the final dividend of HK21.5 cents per share. Together with the interim dividend of HK12 cents per share, the total dividend for 2020 is HK33.5 cents per share. Yuzhou Group has always upheld the principle of maximizing shareholders' interests and insisted on repaying the trust of the market and shareholders with high dividends. The Board of Directors promised to use no less than 30% of core profit as a guideline for dividends. In the past 11 years since its listing, Yuzhou’s accumulated dividend per share was much higher than the listing price, fully demonstrating its sincerity to shareholders. In February 2020, Yuzhou Group was awarded the "Hang Seng High Dividend Yield Index Constituent Stock", demonstrating the high recognition of the market.

### **Long-term Stable Balance Sheet, Sufficient Cash Flow**

The Group has been adopting a prudent financial policy for proactively conducting debt management and optimizing debt structure to avoid financial risks and control the finance costs since its listing.

In 2020, the Group actively seized the excellent window of the international bond market and successfully issued multiple offshore USD senior notes. The bond issuance has repeatedly won the enthusiasm of diversified institutional investors around the world, and has been oversubscribed by nearly 10 times globally, which is rare in the new issuance of Chinese real estate developers. At the same time, Yuzhou is actively studying and monitoring the sustainable development trend of the international market, taking the lead in launching a green financing framework among Chinese real estate developers, as well as issuing Green USD bond for the first time in the history, developing new financing channels, reducing financing costs, and becoming an industry leader.

As at 31 December 2020, the average finance cost of the Group was 7.19%, which was down by 0.03 percentage point compared with 7.22% in 2020 interim. Through internal cost control and efficiency enhancement and optimization of operating expense management, the administrative expenses of the Group decreased by 26.31% year-on-year, the cost of sales of the Group decreased by 42.09% year-on-year, and the selling and distribution expenses of the Group decreased by 35.11% year-on-year. The debt due within one year accounted for 29.55% of total debt, keeping a great balance between long-term debts with short term debts. At the same time, the weighted average maturity of offshore senior notes was close to 3.0 years, through active debt management, the debt structure has been optimized.

On the other hand, as at 31 December 2020, Yuzhou's pre-sale receipts in advance have achieved a rapid growth of 164% year-on-year, which shows that the Group's continuously improving sales consolidation capabilities and carry-over expectation, and revenue growth is expected in the future.

In terms of cash flow, as at 31 December 2020, the Group had cash and cash equivalents of approximately RMB34,468.82 million, and the cash to short-term debt ratio was nearly 2 times. Looking back at the previous reporting period, Yuzhou's cash in hand has long maintained a scale of between RMB35 billion and RMB45 billion. The abundant cash flow has strongly supported Yuzhou for future development and industry cyclical fluctuations. In August 2020, after the regulatory authorities proposed the new "three red lines" financing regulations, sound financial control has become the key to future development. For a long time, Yuzhou Group's net debt ratio and cash to short-term debt ratio have been significantly better than the regulatory requirements. As the Group continues to resolutely optimize its debt, the "three red lines" are expected to be fully met.

### **Ingenuity to Build a Green Home, Advance Layout After the Target of RMB100 Billion**

Adhering to the brand concept of "Building Cities with Heart, Building Homes with Love", the Group is committed to enhancing the "Brand Perception" of projects, with regards to operations, the Group is committed to using international standards for product development, improving product design and project operation efficiency through the grand operation system. In November 2020, the Group upgraded its governance structure

and established a sustainability committee, so as to raise the sustainable development to the level of strategic decision-making. As of the end of the year, the Group's 135 projects with approximately 18 million sq.m. in total met the green buildings standard, and properties with more than 5 million sq.m. in total were certified with two stars or above at the domestic or international level. Shenzhen Yuzhou Plaza, Shanghai Yuzhou Plaza and Xiamen Yuzhou Plaza were awarded the "US LEED CS Certification", and the project at No. 48 Caine Road, Central, Hong Kong was awarded the highest platinum level of BEAM Plus. In addition, MSCI (Morgan Stanley Capital International) released the ESG (Environmental, Social and Governance) rating report, and the Group was rated as BBB again, ranking first among all domestic real estate enterprises.

In addition, 2020 is also a year when Yuzhou Group's green and sustainable development work continues to deepen. On the basis of actively benchmarking against international standards, Yuzhou Group participated in the Hong Kong Quality Assurance Agency (HKQAA) Sustainability Rating for Hang Seng Corporate Sustainability Indexes for the first time, and was awarded Rating A, with the final score leading other Hang Seng property companies participated in the selection. Besides, Yuzhou also participated for the first time in the CDP corporate environmental information disclosure platform and SUSTAINALYTICS's sustainable development evaluation and rating, and successfully achieved matrix participation in the international ESG field, which has built up the ESG reputation of the Yuzhou brand.

### **Diversified Replenishment of Land Reserves, the Development of the Greater Bay Area is Getting Better**

In 2020, relying on the development principle of "In-depth Cultivation", the Group, after thorough research and analysis, obtained 18 high-quality land parcels at attractive prices in Shanghai, Chengdu, Wuhan, Chongqing, Hefei, Suzhou, Wuxi, Yangzhou, Ningbo and other cities through bidding and auction, merger and acquisition, industrial-city cooperation with a total GFA of approximately 2,847,431 sq.m.. All the above new projects were located in tier-1 and tier-2 cities. As of 31 December 2020, the Group had land reserves amounting to approximately 23.10 million sq.m. of aggregate salable GFA, with 177 projects located in 38 cities in the six metropolitan areas. The average land cost was approximately RMB6,876 per sq.m.. The land reserves are sufficient for the Group's development over the next three to four years.

In addition, the Group's urban redevelopment projects are entering the harvest period, gradually deepening the layout of the Greater Bay Area. During the year, the Group has deployed three high-quality urban redevelopment projects in the core cities of the Greater Bay Area, i.e. Shenzhen, Zhuhai and Huizhou. In the future, the Group will continue to vigorously promote the implementation of urban redevelopment projects, look for high-quality partners in the region, and continuously transform them into high-quality saleable resources, which will become an important way for the Group to acquire land resources in the Greater Bay Area. Meanwhile, Yuzhou Group will continue to pursue prudent development, to control costs, and to maintain its strategy of diversified land acquisition

strategy. The Group will continue to actively and flexibly purchase the high-quality land parcels with relatively low costs to lay a solid foundation for Yuzhou's steady development after the contracted sales target of RMB100 billion.

### **Property Management and Commercial Businesses Will be Spin-off and Listed Soon, Revaluation is to be Expected**

On 11 December 2020, U Life Services submitted a listing application form (Form A1) to the Hong Kong Stock Exchange to apply for the listing of the U Life Services shares on the Main Board of the Stock Exchange, currently in the listing review stage. The successful spin-off and listing will help the Group expand financing channels, seek new business growth points, and realize revaluation.

The scale of the property management business of the Group continued to expand. As of 31 December 2020, the total GFA of the managed projects of the Group was more than 17.5 million sq.m. and the total contracted area was more than 26 million sq.m.. In particular, the proportion of GFA under management from third parties was more than 15%. The managed projects (in terms of GFA) accounted for more than 50% in the Yangtze River Delta Region and more than 30% in the West Strait Economic Zone. In the future, Yuzhou Property Management will positively improve its external expansion ability, rely on ingenious quality service to build a strong brand advantage and achieve sustainable development with quality and quantity. The Group's commercial segment with a variety of commercial offerings covers shopping centers, shopping streets and office buildings, to shape two product lines as the the "Yu Yue" brand for shopping centers and the "Yuzhou Plaza" brand for office buildings. In the future, Yuzhou Commercial Company will be committed to promoting the development of market research and positioning, tenant sourcing and pre-opening services and other diverse value-added services for strengthening brand value and customer satisfaction and driving the rapid growth of the business line.

**Mr. Lam Lung On, J.P., the Chairman of the Board of Directors of Yuzhou Group** stated, "Since its establishment in 1994, Yuzhou Group, famous for its prudent development philosophy, has carried out its business in line with the development trend of the real estate market in China, facilitates the steady and healthy development of the market and contributes to the urbanization development of multiple regions. Looking to the future, the Group will continue to adhere to the 'Leading with Locality Development' strategic guideline, firmly follow its goal of 'Developing Products, Optimizing Services and Improving Operations', and pay much attention to the products and services by retaining talents, enhancing financing and refining management to maintain high-quality growth. The Group will actively seize market opportunities to ensure healthy and strong development of the Company, continuing to create value for shareholders, customers, employees and the whole society."

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## **About Yuzhou Group Holdings Company Limited (01628.HK)**

Established in 1994, Yuzhou Group is a property developer headquartered in Shanghai and Shenzhen with a national foothold. Adhering to its strategy of Cultivating in Regions Leading the Market, Yuzhou Group strives to develop residential and commercial properties which align with market trends in first- and second-tier cities. As at 31 December 2020, the Company had over 177 projects under various stages of development in 38 cities including Beijing, Shanghai, Shenzhen, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Foshan, Huizhou and Hong Kong and so on. The total GFA under construction and held for future development is 23.10 million sq.m., and the total salable resources is approximately RMB455.9 billion, accounting for about 40.0%, 20.9%, 15.5%, 7.3%, 9.5% and 6.8%, respectively in the Yangtze River Delta Region, Bohai Rim Region, West Strait Economic Zone, Central China Region, Guangdong-Hong Kong-Macau Greater Bay Area and Southwest Region. Renowned for its distinguished product quality, diversified product portfolio, strong brand awareness and seasoned management team, Yuzhou Group has been named “Top 100 China Real Estate Enterprises” for 13 years in a row; and Top 50 China Real Estate Enterprises from 2011 to 2020. Yuzhou Group was selected as the Hang Seng Composite LargeCap&MidCap Index Constituent Stocks, Shenzhen-Hong Kong Stock Connect, Shanghai-Hong Kong Stock Connect, and included in the constituents of MSCI China Index, Hang Seng China High Dividend Yield Index, Hang Seng Large-Mid Cap Value 50 Index, Hang Seng Large-Mid Cap Value Tilt Index and Hang Seng Large-Mid Cap (Investable) Index. Yuzhou Group was rated as “BBB” by MSCI ESG Ratings, ranking the top among Chinese Properties Companies.

For more information of Yuzhou Group, please visit the company website:

<https://yuzhou-group.com>

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