



銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

Stock Code 股份代號: 1902.hk

2022

Interim Results Announcement

August 26, 2022



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2022 Interim Results Highlight



2022 Interim Results Highlight



Payment collection rate hit a record high

125%

Cash collection rate achieved industry benchmark level

Stable development to ensure sustainable operation

100% On-time delivery rate

85.8% Overall delivery rate
86% Customer satisfaction maintained high-level



Reduced liabilities with an optimized financing structure

14.1% Interest-bearing debt decreased
75.6% The proportion of bank loan
6.7% Average financing cost
5.3% Interest rate of bank loans



Stable performance

4.58 billion

Revenue

Increased **20.9%** YoY

1.35 billion

Gross Profit

Increased **95.9%** YoY

330 million

Net profit

Increased **11.9%** YoY

29.5%

Gross Profit Margin

Increased **11.3 ppt** YoY

7.3%

Net profit margin



Sufficient and high-quality land bank

7.19 million

Total land bank (sq.m.)

34 billion

Booked sales and unearned income

62.3billion

Total saleable amount

2.94 million

Total saleable GFA remaining unsold (sq.m.)



Financial Performance



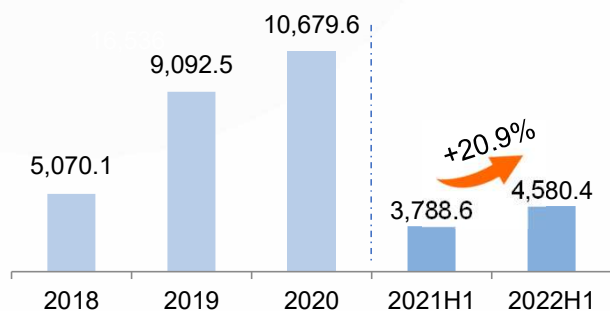
Gross Profit Margin Increased Significantly Net Profit Margin Remained Stable



- In 2022H1, the Group adhered to consolidating its position on regional market and strengthened quality management, enhanced profitability through persistent management and achieved comprehensive development
- The Group achieved revenue of approx. RMB4.58 billion, gross profit of approx. RMB1.35 billion, net profit of approx. RMB330 million, and profit attributable to owners of the company of RMB67 million
- Gross profit margin increased significantly to 29.5% as compared to the same period in 2021, and net profit margin remained stable at 7.3%

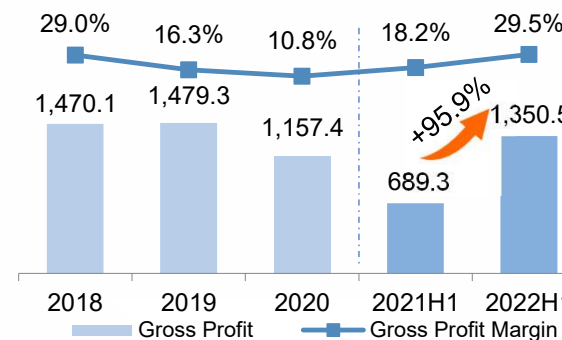
Revenue

(RMB million)



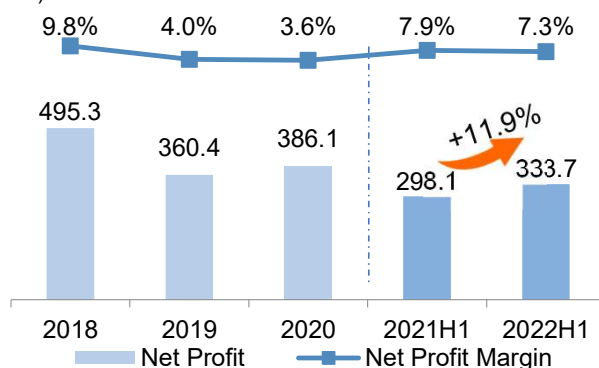
Gross Profit

(RMB million)



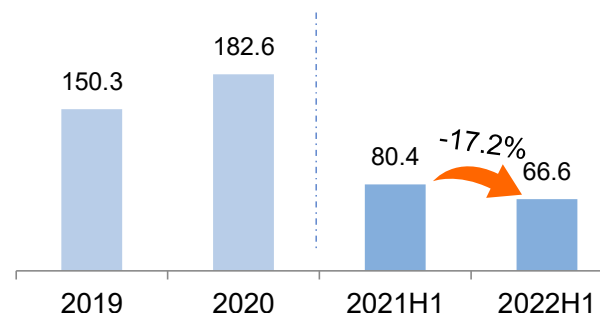
Net Profit

(RMB million)



Profit attributable to owners of the parent

(RMB million)



Overall Scale Remained Stable

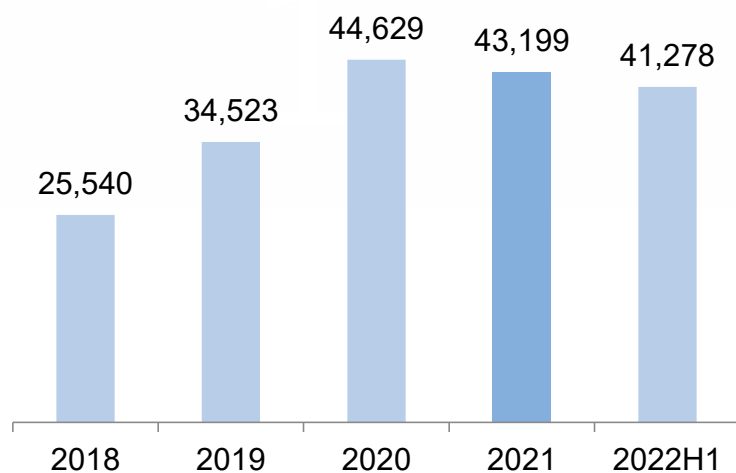
Total Equity Increased Steadily



- As of 30 June 2022, the Group's total assets was approximately RMB41.3 billion
- As of 30 June 2022, the Group's total equity remained stable and reached RMB5.7 billion, representing an increase of 9.7% for the end of last year

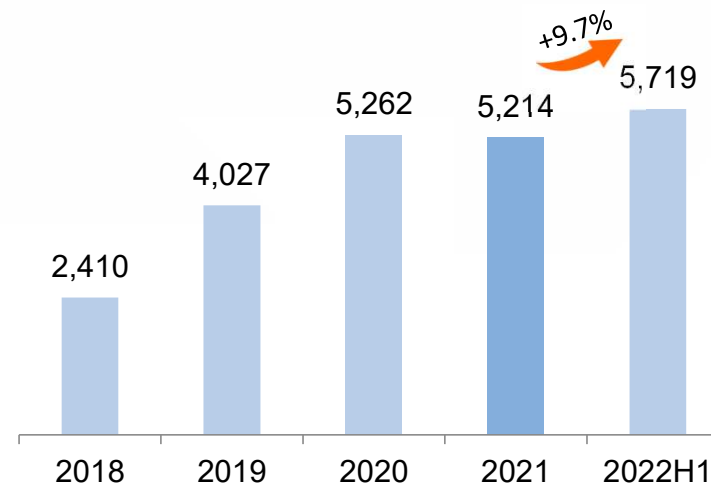
Total Assets Remained Stable

(RMB million)



Stable Development of Total Equity

(RMB million)



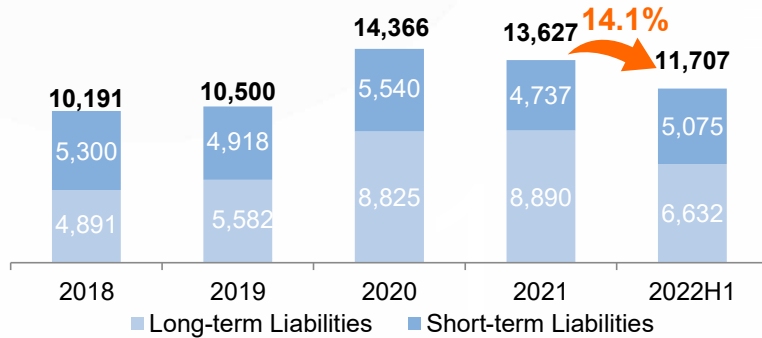
Interest-bearing Liabilities Decreased Significantly Financing Cost Decreased Continuously



- In 2022H1, the Group vigorously reduced its liabilities and effectively de-leveraged. As of 30 June 2022, the size of interest-bearing decreased by approx. 14.1% as compared to the same period last year, amounted to RMB11.7 billion. Among them, the Group's short-term borrowings remained at a stable level.

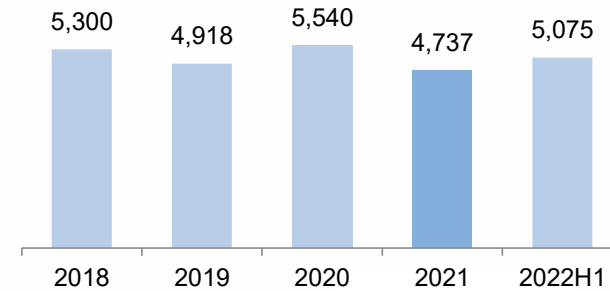
Orderly managed interest-bearing liabilities

(RMB million)



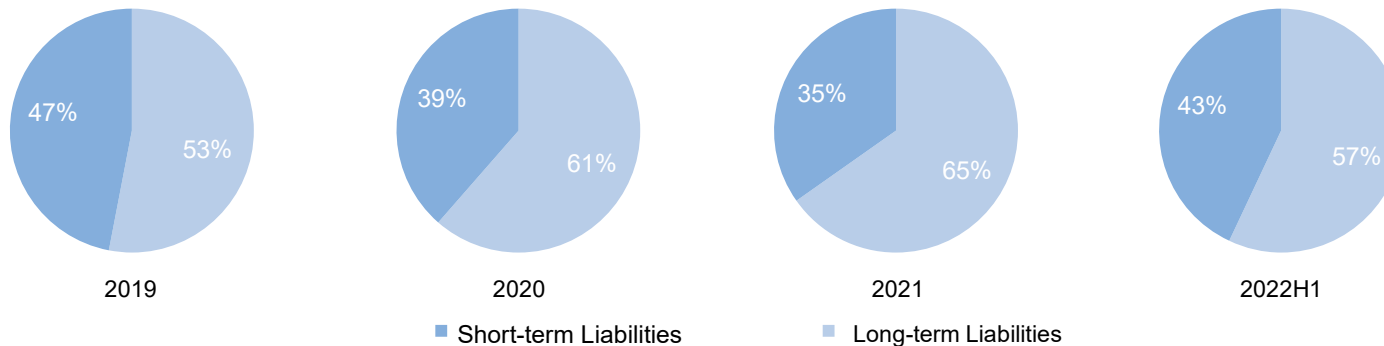
Short-term liabilities

(RMB million)



In 2022H1, the Group's average financing cost was further declined from the end of 2021, and maintained at a relatively low level of 6.7% to keep the efficiency of managing funds utilization

The proportion of short-term borrowings maintained at a stable and reasonable level



Continuously Optimizing Financing Structure with Sufficient Credit Lines from Banks



Financing structure is dominated by bank loans with low overall cost

Approx. RMB11.7 billion

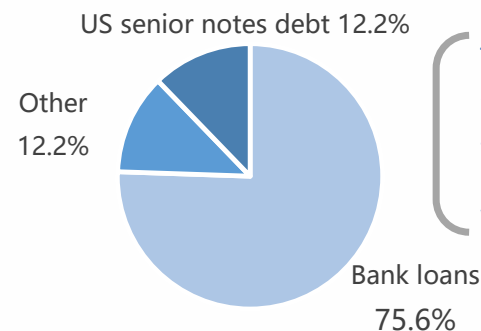
Total borrowing as of 30 June 2022

Approx. RMB8.85 billion

bank loans
accounting for **75.6%**
of total debt

Approx. 5.3%

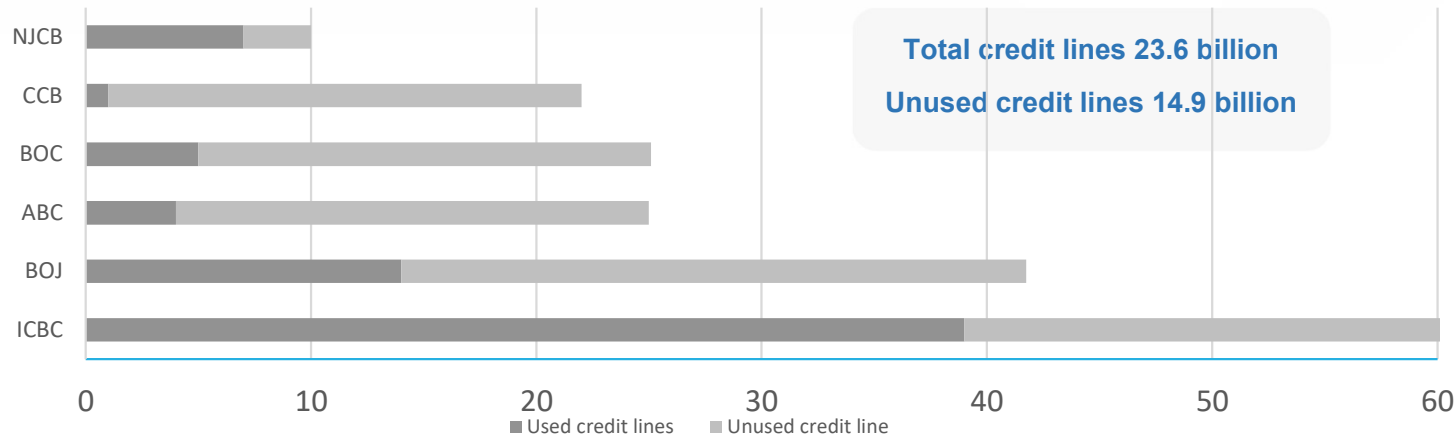
Interest rate of bank loans



The US dollar notes due at the end of September will be properly handled with no default event

Partial credit lines and utilization from banks

('00 million)





Business Review



Contracted ASP Increased YoY

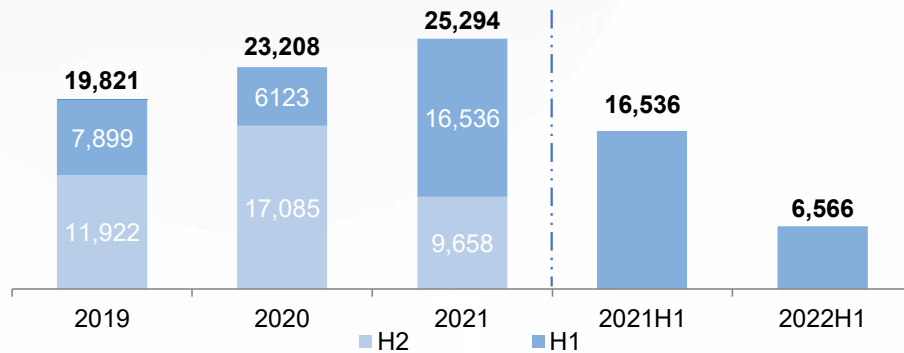


Contracted Sales

(RMB million)

2019-2021 CAGR: +13%

-60.3%

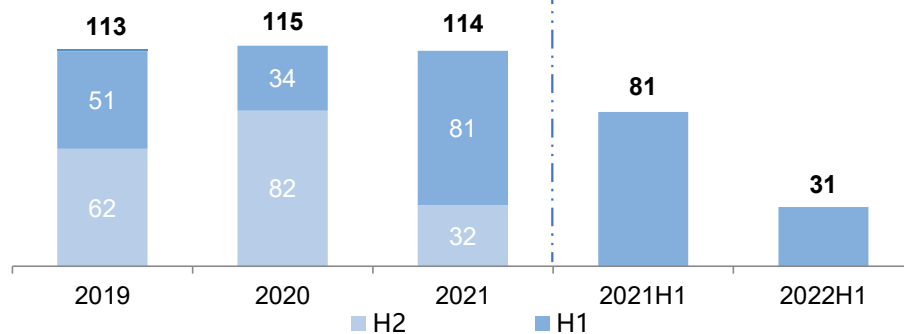


- 2022H1 contracted sales amount to RMB**6.57** billion, which drop was in line with the overall trend amongst its peers
- 2019-2021 total contracted sales CAGR was over **13%**

Contracted GFA Sold

('0000 sq.m)

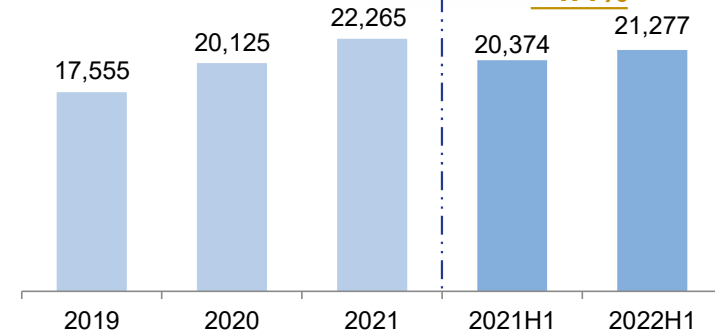
-62.0%



Contracted ASP increased steadily

(RMB/sq.m)

+4.4%



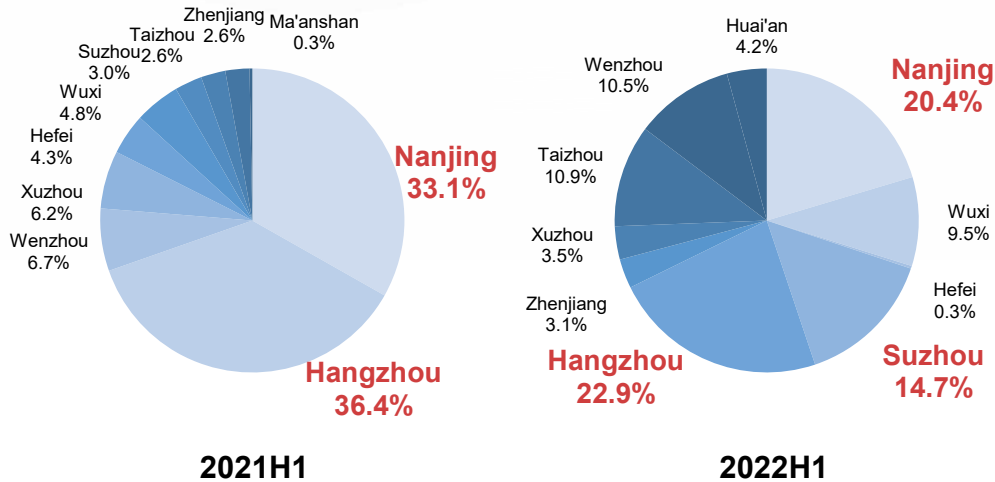
Precisely Deploy Key Market

Cash Collection Rate Hits a Record High



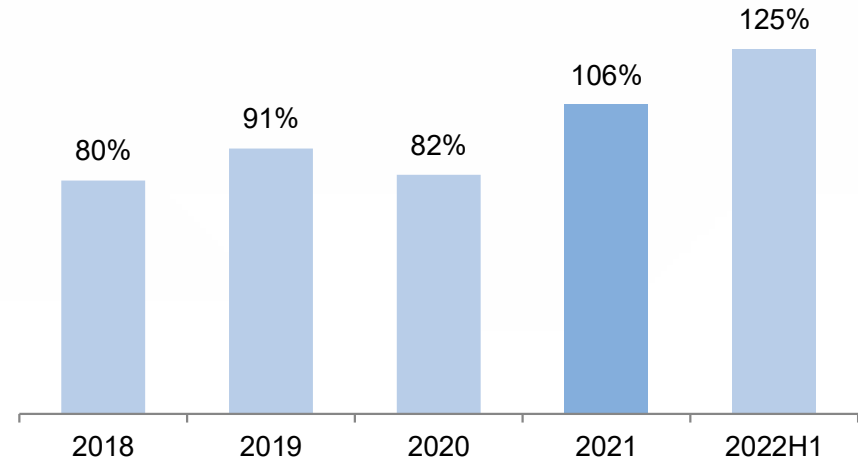
Sales proportion of first-tier cities

- In 2022H1, Under the strategy of consolidating our positions in new first-tier cities, projects in **Hangzhou**, **Nanjing** and **Suzhou** contributed approx. **58%** of total contract sales. Among them, the sales amount of Suzhou increased by about 1 time.



Cash collection rate maintained at industry benchmark level

- In 2022H1, the Group maintained a steady growth trend sales while achieving a high level and stable cash collection rate



Excellent Project Sell-through Rate All Projects Delivered on Schedule



Projects achieved excellent sales record

Hangzhou Yi He Shan Zhuang



In 2022, it was awarded a semi-annual triple crown, including top 1 of units, contracted GFA, and sales. In July, it once again won the double crown in Lin'an, including top 1 of contracted area and sales.

Suzhou Dong Wang



The project was launched on May 8 2022, and 120 units were sold within 30 days. During the sales period, it ranked first in terms of contracted GFA among peers. In July, it ranked first in Wuzhong Taihu New Town in terms of contracted GFA, units and contracted sales.

Taizhou Huan Le Tian Di



The project has a total of 926 residential units, which launched in September 2021. In 2022H1, it achieved 1.48 billion online sales, and won the top single-project sales in the region.

Wenzhou Huan Le Tian Di

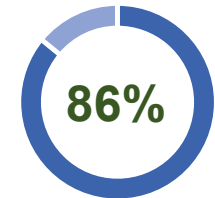


The project's sales in the 2022H1 reached RMB 610 million, it ranked first in the region's monthly sales for consecutive times. The number of online contracted units, contracted GFA and contracted sales in half year ranked among the top three in the region.

Maintained high-level development efficiency

Prioritize “guaranteed delivery”

- In 2022H1, the Group delivered properties with a total GFA of approx. **158,000** sq.m. All projects were delivered on schedule without any breach on contract delivery. The overall delivery rate of the Group in the first half of the year was approx. **85.8%**
- Revenue recognised from sale of properties was approx. RMB **4.47 billion**, representing an increase of approx. 20% for the same period in 2021
- Driven by the two projects with higher gross profit, the ASP recognised increased by **115.9%** over the same period last year to RMB28,369 per sq.m.



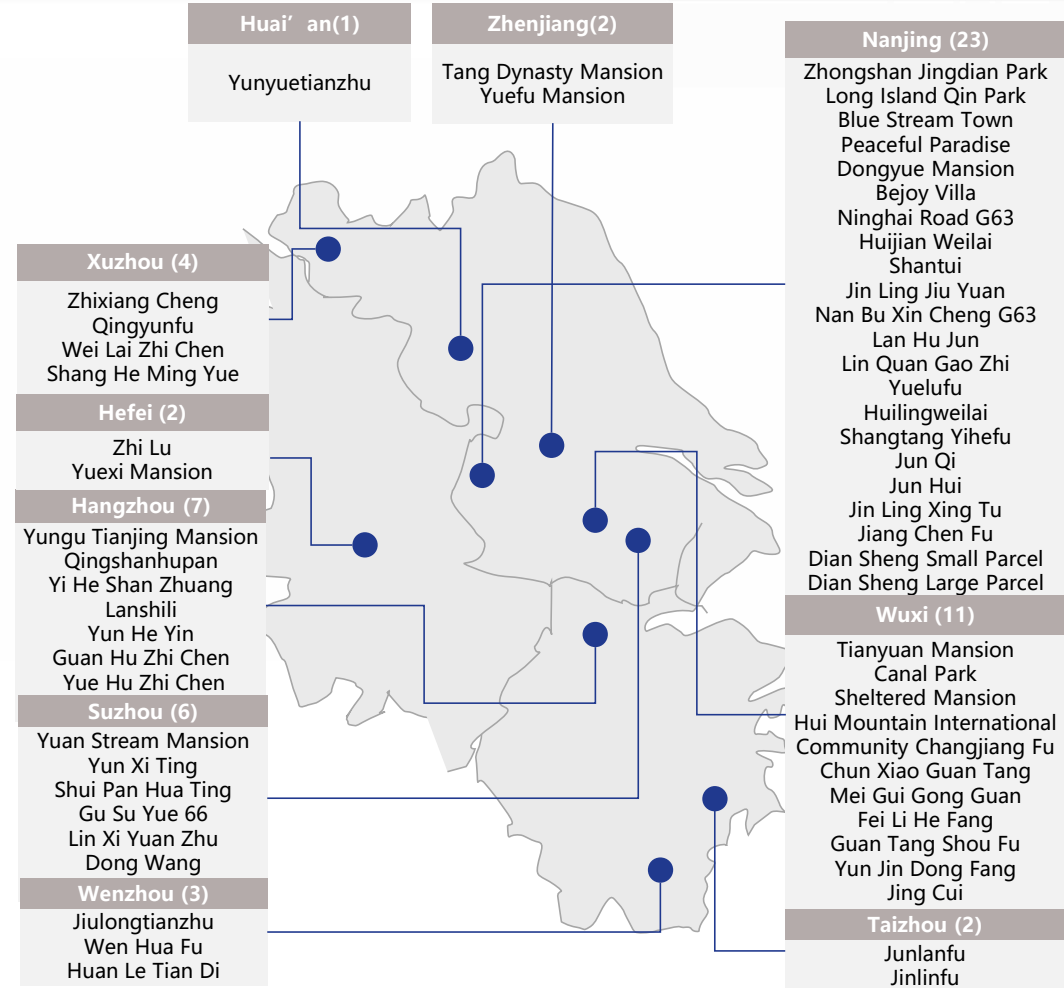
Delivery satisfaction rate

Penetrated Yangtze River Delta Focused on deploying new first-tier cities



Project reserve

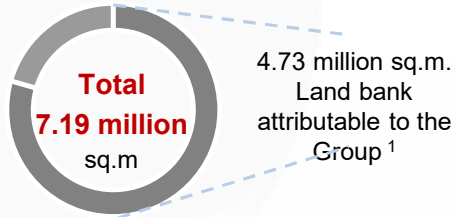
- As of 30 June 2022, the Group established presence with 61 development projects in 10 core cities in Yangtze River Delta
- Focused on deploying new first-tier cities, including Hangzhou, Nanjing and Suzhou



Sufficient Land Reserves and Saleable Projects Supporting Future Development



Land bank mainly situated in core cities of the Yangtze River Delta Economic Megalopolis, booked sales and unearned income supports future revenue



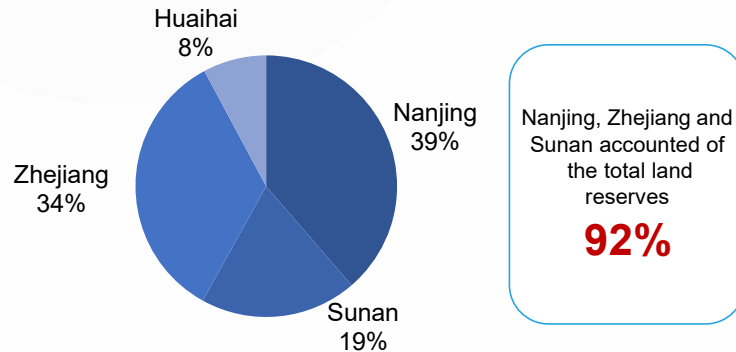
RMB 62.3 billion
Total saleable amount

2.94 million sq.m.
Total saleable GFA

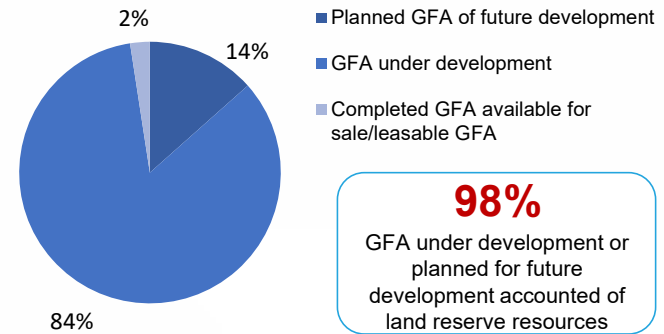
Approx. RMB21,200/sq.m.
ASP

Booked sales and unearned income	GFA ('0000 sq.m.)	Amount (RMB billion)
Total	164	34.0
Attributable to the Group	86	17.4
Consolidated into financial statement	68	14.1

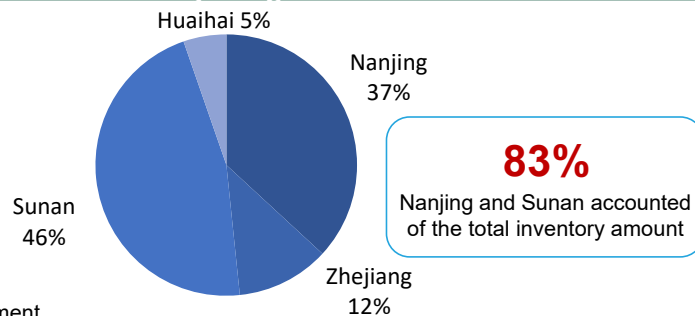
Distribution of the land bank by 4 regional markets



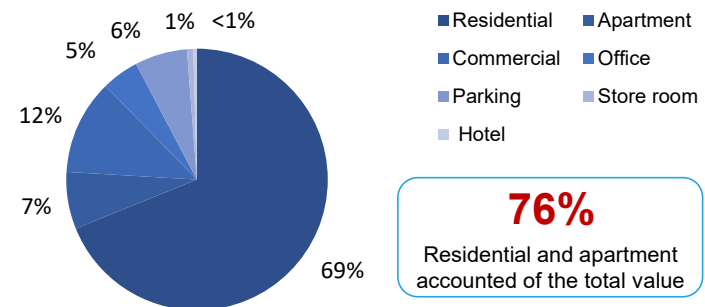
Distribution of the land bank according to the development progress



Sales distribution of total saleable amount by 4 regional markets



Sales distribution of total saleable amount by type



¹Consolidated into financial statement

Promising Comprehensive Strengths and Development Prospects Grasping the Essence of its Products and Services



Well-recognized service quality

- 2022 ESG Enterprise
- Hangzhou Yi He Shan Zhuang - IAI Design Award – IAI Architecture Award
- Yun Xi Ting - 2021H2 Jiangsu Province Construction Standardization Star Site (Star: 2)
- Yunyuetianzhu - 2021H2 Jiangsu Province Construction Standardization Star Site (Star: 2)



Partial awards and medal certificates



Development Strategies



Development Strategies



Marco-economy

- It is expected that “stabilizing the economy and maintaining growth” will remain a fundamental of the country’s economic policies, hence the policies of promoting economic growth will be introduced continuously.
- It may lead to a rebound in consumption, an improved investment environment and a return to normal economic growth.

Positive factor

Real Estate Industry

- Real estate policies in the second half of the year will remain as lax as that in the first half of the year.
- The positive effects of various stimulus policies were gradually taking shape, market confidence was recovering and there has been a month-by-month improvement in transaction volume.
- It is estimated that sales performance will improve in 2022H2 due to an increasing supply of new projects and greater efforts taken by large-scale real estate enterprises to launch promotional campaigns.

- The haunting pandemic and worsening employment situation have led to insufficient consumer confidence
- The industry still undergoes tight cash flow
- The full-year performance is destined to see an overall decline

The business environment of real estate remains harsh

Foundation stabilization

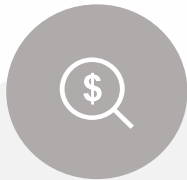
- Continue to work on its fundamentals, and maintain its normal operation in an orderly manner
- Provide effective safeguards for project development, operation and working capital management, so as to place the Group’s operation on a normal development track
- Grasp market opportunities to accelerate sales, restore capital flows, and weather through the difficulties

Development Strategies (cont')



Continued to deleverage

Aware of the speed of scale growth and actively managing the leverage ratio. Continued to lower financing costs and optimize debt structure



Grasp market opportunities timely

Take the market recovery and rebound as an opportunity to improve its sales and actively minimize potential risks over the course of its operation



On-time delivery

The Group will use its best endeavour to maintain normal project development with timely sales and delivery. It will, as a reputable local brand, strive to maintain the commitment and social responsibility of towards the market.



Stabilize the relationship between business units

The Group will properly handle its cooperative relationship with suppliers under the current market situation, balance various payment relationship and ensure that all its business units can carry out various business tasks smoothly



Manage cash flow while restore capital flows

Not only will the Group perfect its overall cash flow management to safeguard its business operations, but it will also require its subsidiaries to audit cash flow records (including sales return records), regulate the use of funds and, in particular, to restore liquidity available for allocation by the Group



Appendix Financial Statements



Consolidated Statement of Profit or Loss and Other Comprehensive Income



Consolidated Statement of Profit or Loss and Other Comprehensive Income		
	For the six months ended 30 June 2022	
<i>RMB'000</i>	2022 <i>(Unaudited)</i>	2021 <i>(Unaudited)</i>
Revenue	4,580,358	3,788,625
Cost of sales	(3,229,870)	(3,099,320)
Gross Profit	1,350,488	689,305
Other income and gains	85,423	62,673
Selling and distribution expenses	(163,480)	(114,421)
Administrative expenses	(81,337)	(79,487)
Other expenses	(23,159)	(828)
Finance costs	(149,836)	(78,390)
Share of profits and losses of:		
Joint ventures	(32,503)	(5,863)
Associates	(78,564)	(19,806)
Profit before tax	907,032	453,183
Income tax expense	(573,345)	(155,103)
Profit for the period	333,687	298,080
Attributable to:		
Owners of the parent	66,606	80,418
Non-controlling interests	267,081	217,662
	333,687	298,080
Earnings per share attributable to ordinary equity holders of the company		
Basic and diluted	RMB0.05	RMB0.06

Consolidated Statement of Financial Position



Consolidated Statement of Financial Position (cont')		
	For the six months ended 30 June 2022	
<i>RMB'000</i>	2022 <i>(Unaudited)</i>	2021 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	774,784	789,090
Investment properties	157,640	164,062
Right-of-use assets	3,144,377	3,093,300
Intangible assets	5,291	5,879
Investments in joint ventures	1,007,668	678,544
Investments in associates	3,126,905	3,433,364
Deferred tax assets	512,597	447,868
Other non-current assets	52,464	20,498
Equity investments designated at fair value through other comprehensive income	461,027	632,157
Total non-current assets	9,242,753	9,264,762
Current assets		
Properties under development	20,131,707	19,575,100
Completed properties held for sale	2,215,050	2,633,439
Trade receivables	11,621	9,113
Due from related companies	2,849,783	3,755,083
Prepayments, deposits and other receivables	3,520,821	3,696,804
Tax recoverable	722,919	825,464
Financial assets at fair value through profit or loss	489,737	574,303
Contract cost assets	207,435	132,703
Inventories	639	623
Cash and bank balances	1,885,036	2,731,889
Total current assets	32,034,748	33,934,521

Consolidated Statement of Financial Position (cont')



<i>RMB'000</i>	For the six months ended 30 June 2022	
	2022 <i>(Unaudited)</i>	2021 <i>(Audited)</i>
Current liabilities		
Trade and bills payables	3,899,313	3,880,873
Other payables, deposits received and accruals	1,341,740	1,346,798
Due to related companies	3,136,175	3,101,670
Contract liabilities	13,806,200	14,686,024
Senior notes	1,430,269	1,801,330
Interest-bearing bank and other borrowings	3,644,840	2,935,394
Tax payable	1,494,432	1,166,193
Lease liabilities	12,515	15,439
Provision for financial guarantee contracts	23,578	20,778
Total current liabilities	28,789,062	28,954,499
Net current assets	3,245,686	4,980,022
Total assets less current liabilities	12,488,439	14,244,784
Non-current liabilities		
Interest-bearing bank and other borrowings	6,632,210	8,889,999
Deferred tax liabilities	134,771	136,968
Lease liabilities	1,982	4,048
Total non-current liabilities	6,768,963	9,031,015
Net assets	5,719,476	5,213,769
Equity		
Equity attributable to owners of the parent	2,651,448	2,722,727
Share capital	124,119	124,119
Treasury shares	(7)	(7)
Reserves	2,527,336	2,598,615
Non-controlling interests	3,068,028	2,491,042
Total equity	5,719,476	5,213,769



Thank you!

