

## SALES OVERVIEW

In January 2018, Aoyuan achieved contracted sales totaling approximately RMB4.05 billion, with contracted gross floor area (GFA) sold amounting to approximately 368,000 sq.m., representing y-o-y increases of approximately 140% and 118%, respectively. The average selling price was RMB 11,019 per sq.m..

### Contracted Sales in January 2018:

| Project   | Contracted Sales (RMB million) | Contracted GFA Sold (sq.m.) | Average Selling Price (RMB/sq.m.) |
|---|--------------------------------|-----------------------------|-----------------------------------|
| Yangzhou Aoyuan Peach City                                  | 393                            | 34,200                      | 11,510                            |
| Zhongshan Aoyuan Lingsau                                    | 349                            | 22,400                      | 15,573                            |
| Guangzhou Aoyuan Glorious Mansion                           | 216                            | 12,700                      | 17,025                            |
| Aoyuan Cultural Tourism City<br>Shaoguan Lingnan Impression | 172                            | 27,900                      | 6,177                             |
| Nanning Aoyuan Hande Xuefu                                  | 171                            | 12,700                      | 13,447                            |
| Guangzhou Aoyuan Lianfeng State                             | 166                            | 9,500                       | 17,402                            |
| Shenzhen Aoyuan Jade Bay                                    | 156                            | 5,000                       | 31,001                            |
| Quanzhou Aoyuan Shanglinyuan                                | 152                            | 18,400                      | 8,248                             |
| Zhongshan Aoyuan Xiangshan Scenery                          | 142                            | 10,300                      | 13,766                            |
| Meizhou Aoyuan  | 141                            | 17,900                      | 7,851                             |
| Others  | 1,992                          | 196,500                     | 10,137                            |
| <b>Total</b>  | <b>4,050</b>                   | <b>367,500</b>              | <b>11,020</b>                     |

## COMPANY NEWS

### **Deutsche Bank Updates Industry Report Names Aoyuan a top pick and raises target price to HK\$8.40**

On 1 Feb, Deutsche Bank states that it favors national players with abundant saleable resources in high-tier cities and strong execution capability in low-tier markets to outperform. It has named Aoyuan as one of its top picks again and raised the target price to HK\$8.40. Deutsche Bank expects marginal policy relaxation with relatively tighter credit in 2018 versus that of 2017, and market consolidation will continue. Deutsche Bank expects listed developers to deliver strong sales growth of over 35% in 2018.

### **Guotai Junan states Aoyuan sustains high quality growth Reiterates “Buy” rating and raises target price to HK\$8.87**

On 25 Jan, Guotai Junan states the increase in Aoyuan’s net profit was in line with its estimate. Moreover, there will be a huge amount of sustainable housing demand in the Big Bay Area. As at the end of June 2017, the Company had 40 projects in the Big Bay Area with a land bank of total GFA of approximately 4.80 million sq.m., saleable resources of RMB58.7 billion. As at the end of June 2017, 76.1% of Aoyuan’s land bank included projects in tier 1 and 2 and international cities and the unit land cost was RMB1,897 per sq.m. Guotai Junan is of the view that Aoyuan has quality land bank at proper unit land cost could provide sufficient saleable resources for future development and protect Aoyuan’s gross margins. Guotai Junan has raised the target price to HK\$8.87 and maintained its “Buy” rating.

### **AMTD expects Aoyuan sales to exceed RMB100 billion by 2020 Reiterates “Buy” rating and raises target price to HK\$6.94**

On 15 Jan, AMTD believes Aoyuan’s positive profit alert earlier with net profit increased by at least 75% y-o-y, was expected by the market and partly priced in already. In addition, AMTD believed Aoyuan will actively replenish its land bank through M&A. As at the end of June in 2017, Aoyuan’s saleable resources amounted to RMB200 billion, which would be sufficient for sale in the next two years. AMTD sees Aoyuan as one of the main beneficiaries of the fast economic development of the Big Bay Area and sees foreseeable growth of profit in the next two years., As such, it reiterates “Buy” rating for Aoyuan and has revised the target price to HK\$6.94.

## COMPANY NEWS

### **Haitong International expects Aoyuan to achieve stellar performance in 2018 Reiterates “Buy” rating and raises target price to HK\$7.69**

On 12 Jan, Haitong’s view is that Aoyuan’s contracted sales grew rapidly, reaching RMB45 billion in 2017, exceeding the original full-year target. Haitong believes a 30% contracted sales CAGR is achievable between 2018 and 2020 and Aoyuan has a high ability to transform growth into profit. Aoyuan had a land bank totaling 17 million sq.m. as at end of June 2017, mainly in the Big Bay Area, and Central and Western China. Haitong believes Aoyuan has sufficient land bank to drive revenue growth in the next few years. The announcement of FY17 results by Aoyuan could be a catalyst for its shares. Haitong maintains the “Buy” rating and has raised the target price to HK\$7.69.

### **Essence International states Aoyuan’s sales in 2017 exceeded expectation Expects to sustain growth in scale and performance Reiterates “Buy” rating and raises target price to HK\$7.50**

On 11 Jan, Essence states that Aoyuan’s contracted sales increased by 230% y-o-y to RMB 11.2 billion in Dec 2017, bringing its full-year sales to RMB46.0 billion, a surge of 78% y-o-y. Essence believes Aoyuan will see continuous high growth in the next two years, due to its good business layout covering tier 2 and 3 cities across the country, an excellent local district company incentive scheme and management and control system, effective "suburban properties" strategy to avoid the price cap impact, and a mature project acquisition model. Furthermore, Essence believes the CAGR of Aoyuan's EPS between 2017 and 2019 will be higher than the sector average in Mainland China. In addition, its business vision and management system will support its development to become a RMB50 billion enterprise (nationwide expansion), growing in terms of scale as well as performance. Essence maintains “Buy” rating for Aoyuan and has raised the target price to HK\$7.50.

## COMPANY NEWS

### **CIMB sees Aoyuan receiving support from southbound investors Initiates “Add” rating with target price at HK\$7.00**

On 10 Jan, CIMB expects Aoyuan’s gross margin to stay at 26-28% in FY17-19F, while core net profit will register decent CAGR of 37% between 2017 and 2019, mainly driven by strong sales. Dividend payout will be 30% to 35%. As at the end of June 2017, Aoyuan had a land bank totaling 17.12 million sq.m., with total saleable resources amounting to RMB162.8 billion, of which about 50% in the Big Bay Area. CIMB expects the 10 urban redevelopment projects in Zhuhai, Guangzhou and Dongguan of Aoyuan could add up to 4 million sq.m. to Aoyuan’s land bank, with total saleable resources of RMB69 billion. CIMB sees Aoyuan replenishing its land bank mainly via M&A and urban redevelopment. Aoyuan’s share price rallied by over 50% since its inclusion in the Shenzhen Stock Connect on 6 Sep 2017. CIMB believes southbound investment will support both share price and trading volume. Thus, CIMB initiates “Add” rating to Aoyuan with the target price of HK\$7.00.

## LAND BANK

As of 30 June 2017, Aoyuan had 95 projects with a total land bank of 17.12m sqm. of GFA located in South China, core regions of Central & Western China, East China and Bohai Rim, and currently extending into Sydney, Australia, and Vancouver, Canada. Of the total land bank, approximately 30% were properties under development, approximately 8% were completed properties and approximately 57% were held for future development. The current reserve will be sufficient to meet Aoyuan’s development needs in the next 3 to 4 years.

For details on the Aoyuan’s strategic layout, please click on the following link:  
<http://en.aoyuan.com.cn/e/about/about.aspx?strm=126012>

## IR CONTACT

**Mr. Jacky Chan**  
Group Vice President, President of  
International Investment Group

(852) 3622 2122  
jackychan@aoyuan.net

**Mr. Anthony Cheng**  
Financial Controller

(852) 2180 6981  
anthonycheng@aoyuan.net

**Dr. Emma Qi**  
Deputy Head of Corporate Finance &  
Investor Relations

(852) 2180 9566  
emmaqi@aoyuan.net

**Ms. Heng Tam**  
Assistant Investor Relations Manager

(852) 2180 9556  
hengtam@aoyuan.net