



越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

[For Immediate Release]

Yuexiu Property Announces 2016 Annual Results

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***Core Net Profit Increased Significantly
Contracted Sales Exceeding Full Year Target***

- Profit attributable to equity holders was approximately RMB1.54 billion, representing a year-on-year increase of 52.1%.
- Core net profit was approximately RMB1.72 billion, representing a year-on-year increase of 38.6%.
- Aggregate contracted sales value was approximately RMB30.25 billion, representing a year-on-year increase of 21.7%, equals to 117.3% of the Group's full-year sales target.
- Net operating cash flow was approximately RMB5.15 billion, cash balance at the end of the year was approximately RMB22.02 billion, increased by 45.2% from the beginning of the year.
- The proportion of loans denominated in foreign currencies decreased significantly from 53.4% at the beginning of the year to 14.5% at the end of the year, the impact of foreign exchange exposure on the consolidated income statement has been basically eliminated.
- Net gearing ratio decreased by 20 percentage points to 53.1% while average borrowing cost down 0.31 percentage point to 4.64%.
- The Board proposed to declare a final dividend of HK\$0.032 per share for 2016 and the annual dividend was HK\$0.065 per share, representing a year-on-year increase of 35.4% and accounted for 40% of core net profit.

(23 February 2017 – Hong Kong) **Yuexiu Property Company Limited** (HKEx Stock Code: 00123) and its subsidiaries (which are collectively referred to as “Yuexiu Property” or the “Group”) is pleased to announce its annual results for the year ended 31 December 2016.

Significant Growth in Contracted Sales and Core Net Profit

In 2016, the Group realized revenue of approximately RMB20.87 billion. Profit attributable to equity holders rose by 52.1% to approximately RMB1.54 billion. Core net profit (excluding net revaluation gain or loss on investment properties and net foreign exchange gain or loss) increased by 38.6% to approximately RMB1.72 billion.

In 2016, the Group's aggregate contracted sales value (including contracted sales at joint venture projects) rose by 21.7% to approximately RMB30.25 billion, which was equal to 117.3% of the Group's full-year sales target of RMB25.8 billion. The corresponding gross floor area ("GFA") sold rose by 2.5% to approximately 2.33 million sq.m.

Diversified Increases in Landbank and Focused on Three Core Regions

In 2016, the Group set the Pearl River Delta, the Yangtze River Delta and the Central China region (where Guangzhou, Hangzhou and Wuhan are located respectively) as the three key geographical markets for growth and allocated resources in those regions accordingly. The Group acquired 11 quality land projects in six cities, including Guangzhou, Hangzhou and Wuhan with a total GFA of approximately 4.21 million sq.m., of which approximately 2.04 million sq.m. were attributable to the Group's equity interests. As at the date of this announcement, the total land bank of the Group was approximately 14.62 million sq.m., of which over 90% is located in three key regions for growth, namely the Pearl River Delta, the Yangtze River Delta and the Central China region.

The Group successfully acquired the Nansha Phase 10 land parcel from its parent company Guangzhou Yue Xiu Holdings Limited, and increased its quality land bank by approximately 940,000 sq.m. The acquisition further strengthened the Group's leading market position in Guangzhou and Nansha District. The effective approach of "incubation by the parent company-acquisition by Yuexiu Property" to increase quality landbank was successfully implemented.

Issued Corporate Bonds at Low Cost and Eliminated FX Exposure

In 2016, the Group made use of its onshore and offshore diverse financing channels and capitalized on the decrease in onshore funding costs. The Group consolidated and allocated financial resources to support the development of its principal business. Seizing the opportunities arising from the opening of onshore bonds market, the Group successfully issued RMB8.0 billion worth of bonds in mainland China with a weighted average coupon rate of 2.9963%. This reduced the overall funding costs significantly. The average borrowing interest rate of the Group decreased from 4.95% in 2015 to 4.64% in 2016.

The Group continued to optimize its onshore and offshore debt structure in order to repay loans which were denominated in foreign currencies at reasonable costs. The Group's proportion of loans denominated in foreign currencies decreased significantly from 53.4% at the beginning of the year to 14.5% at the end of the year. A match in essence between the remaining foreign currency denominated loans and the existing offshore assets has been achieved and thus the impact of foreign exchange exposure on consolidated income statement has been basically eliminated. As of 31 December 2016, the net gearing ratio of the Group decreased substantially from 73.1% at the beginning of the year to 53.1% at the end of the year.

Sustained Improvements in Refined Management

The Group aims to establish an organizational management and control system based on the theme of "strategic headquarters, coordinating and operating regions and managing projects". The Group built up two regional companies in Guangzhou and the Pearl River Delta region, and established four major platforms responsible for products, commerce, finance and service, and also optimized workforce structure. The activity-based costing and a lean management system with management accounting as its core were fully implemented and optimized, so as to enhance its cost control capability.

The Group consistently improved its market-oriented human resource mechanism and strengthened the structure of its professional management team. The Group fully promoted and optimized its project co-investment mechanism and the mutually beneficial profit-sharing plan. It also successfully implemented the share incentive scheme for its senior management. Such measures were aimed at adding impetus to the Group's organizational structure and enhancing human capital efficiency and operational efficiency. They would help to boost the Group's organic growth.

Outlook

Looking ahead to 2017, the Group expects that the policies on the property sector will be tightened. The government will expedite construction of fundamental systems and long-acting mechanisms for the real estate market to prevent a surging of or plunge in the real estate market and keep it generally stable. The real estate market is expected to continue to differentiate -- the first-tier and major second tier cities will face market correction while third-tier and fourth-tier cities will be under pressure to clear housing inventory.

The Group is now implementing its annual business plan for 2017 in all aspects and is confident that it can achieve its contracted sales target of RMB33 billion for the year. As its business operation strategy, the Group will implement the operation-oriented refined management system, and effectively consolidate its resources and boost its core competitiveness in managing and operating commercial properties. As its investment strategy, the Group will acquire quality lands through diverse means. As its financial strategy, the Group will keep optimizing capital management and enhance the safety and stability of its financial performance indicators. As its strategy for management, the Group will continue to improve the organization and mechanism for regional control of its operations so as to enhance operational efficiency.

Mr. Lin Zhaoyuan, Vice Chairman and General Manager of the Group, said, “2017 is a year of transformation of the Group’s development under the ‘13th Five-year Plan’. The Group will work towards the goals of ‘enhancing quality through management upgrade and promoting development through resources integration’. It will also focus on three key regions in its development, namely the Greater Guangzhou, Yangtze River Delta and central China. The Group will leverage on advantage of parent company’s resources and state-owned enterprises resources platform, to strengthen the effective approach of ‘incubation by the parent company-acquisition by Yuexiu Property’ to increase quality landbank, and strategic cooperation with state-owned enterprises to explore quality land resources. The Group strives to enhance its residential and commercial property development and operation. It will also improve its capability to operate commercial properties. By enhancing its organizational structure and management mechanism, the Group will become an outstanding company in the industry.”

Mr. Zhang Zhaoxing, Chairman of the Group, said, “The real estate industry will continue to play a prominent role in stabilizing the economy and promoting growth. The medium to high rate growth of the economy, an increase in the per capita disposable income and the continued development of urbanization will create new room for growth for the real estate industry. The consolidation of the industry will accelerate. Innovation and business transformation will also speed up. New types of businesses and new modes of development will develop and breakthroughs will be made. The industry’s policy environment will tighten as the policies will restore the real estate’s positioning of living function, aiming for steady and healthy development of the real estate market. The Group will continue its efforts to grasp the new opportunities in the property market. The Group will try to achieve the strategic goal of becoming a better and stronger company and will continue to create value for the shareholders.”

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Disclaimer

The above-mentioned data are based on the summary of internal information of the Company, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or semi-annual basis due to various uncertainties during the process of collection and collating of such information. As such, the above data are provided for investors' reference only. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.

About Yuexiu Property

Yuexiu Property Company Limited (HKEx Stock Code: 00123) was listed in Hong Kong in December 1992. The Company's main business is property development and investment with its operations mainly concentrated in the Guangzhou area and expanded into Pearl River Delta, Yangtze River Delta, Pan-Bohai Rim and Central Region. As at the date of this announcement, the Company's total GFA of properties under development and undeveloped properties was approximately 14.62 million sq.m..

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