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(Incorporated in Hong Kong with limited liability)
(Stock code: 00123)

PROFIT WARNING

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the Group's unaudited management accounts for the year ended 31 December 2015 and information currently available to the Board, the Group expects that, for the year ended 31 December 2015, the revenue was approximately RMB22,000 million, an increase of approximately 40% comparing with the corresponding year of 2014 and the gross profit was approximately RMB4,600 million, an increase of approximately 12% comparing with the corresponding year of 2014. However, the Group expects that the gross profit margin declined from approximately 26% for the year ended 31 December 2014 to approximately 21% for the year ended 31 December 2015. Due to the main reasons disclosed in this announcement, it is expected that the profit attributable to the equity holders of the Company decreased by approximately 50% to 60% for the year ended 31 December 2015 as compared to that for the year ended 31 December 2014 and the core net profit (profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange loss/gain) declined by approximately 20% to 25%.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Yuexiu Property Company Limited (the "Company") pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571) (the "SFO") and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board ("Board") of directors ("Directors") of the Company (and together with its subsidiaries, the "Group") wishes to inform the shareholders of the Company and potential investors that, mainly due to:

- (1) the increase in exchange translation loss arising from the continuing devaluation of Renminbi in the second half of 2015 as the Group's revenue was mainly derived from Renminbi while part of its borrowings were in United States dollars and Hong Kong dollars. After capitalizing part of the exchange translation loss in accordance with the relevant requirements under Hong Kong Financial Reporting Standards, the exchange translation loss to be recognized in the income statement is expected to be approximately RMB450 million;
- (2) for the year ended 31 December 2015, it is expected that the fair value on revaluation of one investment property increased by approximately RMB1,150 million (before tax) whereas the fair value on revaluation of another investment property decreased by approximately RMB790 million (before tax) due to the operation performance was worse than the expectation, resulting in the fair value gains on revaluation of investment properties in the amount of approximately RMB450 million, a decrease of approximately RMB950 million (before tax) comparing with the corresponding year of 2014; and
- (3) the Group recognized a gain on disposal of equity interest for an amount of approximately RMB449 million in 2014 whereas the Group did not have such similar gain in 2015, resulting in a substantial decrease in the net other gains in 2015 comparing with the corresponding year of 2014,

it is expected that the profit attributable to the equity holders of the Company decreased by approximately 50% to 60% for the year ended 31 December 2015 as compared to that for the year ended 31 December 2014.

The Group expects that the revenue was approximately RMB22,000 million, an increase of approximately 40% comparing with the corresponding year of 2014 and the gross profit was approximately RMB4,600 million, an increase of approximately 12% comparing with the corresponding year of 2014. However, due to the changes in product mix and regional composition of the completed projects during the year, it is expected that the gross profit margin declined from approximately 26% for the year ended 31 December 2014 to approximately 21% for the year ended 31 December 2015.

The Group expects that the core net profit (profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange loss/gain) for the year ended 31 December 2015 declined by approximately 20% to 25% comparing with the corresponding year of 2014, mainly due to the decrease in the net other gains in 2015 mentioned in point (3) above, the corresponding increase in the selling and operating expenses as the scope of sales expanded and the increase of accrued tax of certain individual projects.

With respect to the fluctuation of Renminbi's exchange rate, the Group is currently reviewing and adjusting its funding strategies to cope with the rapid changing financial conditions in China more effectively. Besides, the fair value gain on revaluation of the Group's investment properties is a non-cash item and therefore the Board expects that the decline of this non-cash item will not have any material adverse effect on the Group's operation.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the year ended 31 December 2015 and information currently available to the Board, which may be different from the actual audited financial information of the Group for the year ended 31 December 2015. Further details on the audited financial information will be disclosed when the Group publishes its annual results for the year ended 31 December 2015 which is expected to be around the end of February 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

For and on behalf of the Board

Yuexiu Property Company Limited

ZHANG Zhaoxing

Chairman

Hong Kong, 5 February 2016

As at the date of this announcement, the Board comprises:

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan,

LI Feng, OU Junming and OU Shao

Independent Non-executive YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose

Directors: