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Land Acquisition and Connected Transaction

The Board is pleased to announce that pursuant to a bidding agreement between GZDH, an indirect 95% owned subsidiary of the Company, and JV Partner in respect of the Land Parcel, GZDH paid the Deposit to the Land Bureau, and the Parties participated in, and won, the bidding of the Land Parcel on a joint basis through online open tenders organized by the Transaction Center on 9 July 2013. On 9 July 2013, upon the successful bidding of the Land Parcel, the Parties entered into the Cooperation Agreement between themselves in respect of the establishment of the Project Company for the acquisition and development of such Land Parcel, which superseded the previous bidding agreement between the Parties. The Parties shall also enter into the Bid Confirmation with the Transaction Center before 15 July 2013.

Guangzhou Yuexiu, which indirectly holds approximately 49.7% of the total issued shares of the Company as of the date of this announcement, is a majority shareholder of the general partner of JV Partner. JV Partner is regarded by the Company as a connected person of the Company by virtue of its relationship with Guangzhou Yuexiu. Accordingly, the formation of joint venture between the Parties pursuant to the Cooperation Agreement and the transaction contemplated thereunder constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of such transaction is more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that pursuant to a bidding agreement between GZDH, an indirect 95% owned subsidiary of the Company, and JV Partner in respect of the Land Parcel, GZDH paid the Deposit to the Land Bureau, and the Parties participated in, and won, the bidding of the Land Parcel on a joint basis through

online open tenders organized by the Transaction Center on 9 July 2013. On 9 July 2013, upon the successful bidding of the Land Parcel, the Parties entered into the Cooperation Agreement between themselves in respect of the establishment of the Project Company for the acquisition and development of such Land Parcel, which superseded the previous bidding agreement between the Parties. The Parties shall also enter into the Bid Confirmation with the Transaction Center before 15 July 2013.

The Land Parcel

The Land Parcel has a site area of approximately 55,982 sq.m. and a total gross floor area of approximately 310,755 sq.m., of which the permissible gross floor area amounts to approximately 241,215 sq.m. and an underground gross floor area of approximately 69,540 sq.m.. The total land premium of the Land Parcel is RMB1,772,000,000 and the average land cost based on the total gross floor area amounts to approximately RMB5,700 per sq.m.. The parcel of land has a term of 70 years for residential use and a term of 40 years for commercial use.

As of the date of this announcement, the Company's total landbank amounted to approximately 15.55 million sq.m.. In terms of the attributable interest, the Company's landbank amounted to approximately 14.33 million sq.m..

Further information about the Land Parcel

The Land Parcel is located in Chancheng district, Foshan City, Guangdong province of the PRC, where the two main roads, Tongji Road and Lingnan Road, divide the Land Parcel into four districts. The Land Parcel is situated in the center of Foshan, within the axis of the Foshan City. It is in close proximity to the Tongji Road and Pujun North Road stations of the Guangzhou-Foshan metroline. The Land Parcel is also surrounded by large supermarkets, schools, hospitals, parks, well-equipped facilities with excellent transport for a convenient lifestyle.

PRINCIPAL TERMS OF THE BID CONFIRMATION

Upon the successful bidding of the Land Parcel on 9 July 2013, the Parties shall enter into the Bid Confirmation with the Transaction Center for the Land Parcel before 15 July 2013, the principal terms of which are as follows.

Parties

The Parties and the Transaction Center

Land premium and payment

The Parties shall sign the Land Transfer Contract before 18 July 2013 with the Land Bureau. The land premium for the Land Parcel is RMB1,772,000,000, which shall be paid to the Land Bureau in accordance with the terms of the Land Transfer Contract.

The land premium for the Land Parcel was arrived at as a result of successful bidding of the Land Parcel by the Parties through online open tenders organized by the Transaction Center after taking into account the initial bidding price required under the online open tender documents for the Land Parcel, the prevailing market conditions, location of the Land Parcel and land price in the surrounding area.

PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

On 9 July 2013, after the successful bidding of the Land Parcel, the Parties have executed the Cooperation Agreement in relation to the formation of the Project Company, the principal terms of which are as follows.

Establishment of the Project Company

According to the Cooperation Agreement, GZDH and JV Partner shall establish the Project Company for the development of the Land Parcel. GZDH and JV Partner shall own 20% and 80%, respectively, of the equity interest of the Project Company upon its formation. The Project Company will not become a subsidiary of the Company upon its formation. The development, management, construction, decoration, sales and operation in relation to the Land Parcel shall be conducted by the Project Company.

Term of the Project Company

Subject to the exercise of the Call Option by GZDH, the Project Company shall be established for a term of 5 years from the date of its establishment or such other period as agreed by the Parties.

Capital Commitments

The land premium for the Land Parcel in the amount of RMB1,772,000,000 will be financed in the following manner:

- (1) RMB50,000,000 of which shall be payable by GZDH and JV Partner to the Project Company as its registered capital in proportion to their equity interest held in the Project Company (i.e. 20%:80%) before 12 July 2013; and

- (2) the balance of the land premium for the Land Parcel will be financed by way of increase of the registered capital of the Project Company payable by GZDH and JV Partner to the Project Company in proportion to their equity interest held in the Project Company (i.e. 20%:80%) before 16 August 2013; and/or shareholder loan(s) to be made by JV Partner to the Project Company.

The Deposit will be repaid to GZDH by the Project Company and GZDH's total contributions for the land premium for the Land Parcel will not in any event be higher than RMB354,400,000, being 20% of the land premium for the Land Parcel. GZDH's capital commitments to the Project Company will be financed by the Group's internal resources.

Compensation

Following the execution of the Land Transfer Contract but before the date of establishment of the Project Company, the defaulting Party shall pay the other Party a compensation fee of RMB100,000,000 if it fails to pay for its portion of the registered capital of the Project Company by the agreed dates for payments of such registered capital.

Management of the Project Company

The Project Company shall have five directors, one of which shall be appointed by GZDH and the remaining four directors shall be appointed by JV Partner. JV Partner shall appoint the chairman of the board of directors of the Project Company. The board of directors of the Project Company shall appoint the general manager and other senior staffs for the Project Company.

Board resolutions of the Project Company shall be passed by two-thirds of its directors. The director appointed by GZDH for the Project Company shall have the veto right in respect of the board resolutions relating to the following matters for the Project Company:

- the execution of mortgages for real properties of the Project Company; or
- bank loan agreements or other financing agreements with loan amounts or principal amounts exceeding RMB50,000,000.

Matters that require unanimous approval from shareholders

The Project Company may not, without its shareholders' unanimous written consent: (i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the auction or tender document; (ii) increase or decrease the registered capital of the Project Company; (iii) change the shareholder(s) of the Project Company; (iv) distribute profits; (v) make any amendments to the articles of association of the Project Company; (vi) pass any resolutions relating to the dissolution, de-merger and merger of the Project Company; (vii) pass any resolutions relating to winding-up of the Project Company; or (viii) enter into any transactions which are not on an arm's length basis.

Profit distribution arrangements

Any profits, losses and risks of the Project Company shall be shared by the Parties in proportion to their respective equity interests in the Project Company.

Call Option

JV Partner has granted a Call Option to GZDH for it to acquire all of the 80% equity interests of the Project Company held by JV Partner. The Call Option is exercisable by GZDH during the period commencing on the first anniversary and ending on the eighteenth month (or such extended period as agreed between the Parties in writing) from the due day for payment of registered capital into the capital account of the Project Company by JV Partner. The Call Option shall be exercised at the exercise price that is equivalent to (a) the total capital contribution by the JV Partner (comprising the registered capital and/or shareholders loans contributed by JV Partner) in the Project Company ("**JV Partner Contribution**") plus (b) an amount equal to the JV Partner Contribution (or if the JV Partner Contribution is made by installments, in respect of each installment of the JV Partner Contribution) multiplied by an internal rate of return of 11% per year (before tax) based on the period of time that the JV Partner Contribution is contributed into the Project Company (in calculating this rate of "return", all interests accrued or paid to JV Partner on its shareholders loans provided to the Project Company or any distributions or dividends payable or paid to JV Partner when it is an equity holder of the Project Company shall count towards the amount of "return" but any management fees paid or payable by JV Partner for the manager engaged by it shall be borne by the JV Partner).

If GZDH exercises the Call Option, JV Partner shall cease to be entitled to any rights or benefits nor shall it have any obligations in the Project Company from the day that the registration of the transfer of all of JV Partner's equity interest in the Project Company to GZDH with the relevant administration for industry and commerce is completed.

Restrictions on transfer

Save as otherwise provided in the Cooperation Agreement, during the term of the Cooperation Agreement, the Parties shall not transfer or assign all or any part of its rights or obligations in the Project Company to a third party without the prior written consent of the other Party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board believes that the Land Parcel, which is located at the Foshan City center, will facilitate the Company to better reinforce its brand image and awareness in Foshan City.

The Directors (including the Independent Non-executive Directors) consider that the formation of joint venture between the Parties pursuant to the Cooperation Agreement and the transaction contemplated thereunder are conducted by the Company in its ordinary and usual course of business, and that they (including the financing and profit distribution arrangements of the Project Company) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE COMPANY, GZDH AND JV PARTNER

The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123) and on the SGX-ST. It is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, Yangtze River Delta, Bohai Rim Economic Zone and Central Region.

GZDH

GZDH is an indirect 95% owned subsidiary of the Company and is an investment holding company incorporated under the laws of the PRC.

JV Partner

JV Partner is a limited partnership investment fund established under the laws of the PRC. JV Partner principally engages in the business of investment and management. Guangzhou Yuexiu, which indirectly holds approximately 49.7% of the total issued shares of the Company as of the date of this announcement, is a majority shareholder of the general partner of JV Partner. JV Partner is regarded by the Company as a connected person of the Company by virtue of its relationship with Guangzhou Yuexiu.

IMPLICATIONS OF THE LISTING RULES

As JV Partner is regarded by the Company as a connected person of the Company under the Listing Rules, the formation of joint venture between the Parties pursuant to the Cooperation Agreement and the transaction contemplated thereunder constitute connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of such transaction is more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Bid Confirmation”	the online bid confirmation notice (網上掛牌交易成交確認書) to be signed by the Parties and the Transaction Center before 15 July 2013 confirming the successful bidding of the land use right of the Land Parcel
“Board”	the board of Directors of the Company
“Call Option”	the call option granted by JV Partner to GZDH for it to acquire all of the 80% equity interests of the Project Company held by JV Partner
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123) and on the Singapore Exchange Securities Trading Limited
“connected person”	has the meaning ascribed to it under the Listing Rules

“Deposit”	the amount of RMB200,000,000 paid by GZDH to the Land Bureau prior to the bidding of the Land Parcel as security to participate in the bidding
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Yuexiu”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*), a limited liability company incorporated in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“GZDH”	廣州東輝房地產開發有限公司 (Guangzhou Donghui Property Development Limited*), an indirect 95% owned subsidiary of the Company incorporated under the laws of PRC with limited liability and one of the Parties to the Cooperation Agreement
“JV PARTNER”	廣州越秀諾成實業投資合夥企業(有限合夥) (Guangzhou Yuexiu Nuocheng Business Investment Enterprise (Limited Partnership)*, one of the Parties to the Cooperation Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Cooperation Agreement”	the cooperation agreement dated 9 July 2013 entered into between the Parties, including if the context requires, the previous bidding agreement between the Parties that have been superseded by the said cooperation agreement
“Land Parcel”	the parcel of land situated in Chancheng district, Foshan City, Guangdong province of the PRC with a site area of approximately 55,982 sq.m. to be acquired by the Project Company under the Cooperation Agreement
“Land Bureau”	佛山市(縣)國土資源和城鄉規劃局 (Foshan (Provincial) Land Resources and Planning Bureau*)
“Land Transfer Contract”	the land use right transfer contract to be entered into between the Project Company and the Land Bureau in relation to the acquisition of the Land Parcel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Parties”	GZDH and JV Partner and each a “Party”
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project Company”	the joint venture to be established by the Parties in relation to the development of the Land Parcel pursuant to the terms of the Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Transaction Center”	佛山市禪城區土地交易中心 (Foshan Chancheng District Land Transaction Center*)

** for identification purposes only*

By Order of the Board
Yuexiu Property Company Limited
Yu Tat Fung
Company Secretary

Hong Kong, 9 July 2013

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

Executive Directors: LU Zhifeng (Chairman), ZHANG Zhaoxing, TANG Shouchun, CHEN Zhihong and LAM Yau Fung Curt

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