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Land Acquisition and Connected Transaction

The Board is pleased to announce that pursuant to a bidding agreement between GZCJ, an indirect 95.48% owned subsidiary of the Company, and JV Partner in respect of the Land Parcel, GZCJ paid 20% the Deposit and the JV Partner paid 80% of the Deposit to the Land Bureau, and the Parties participated in, and won, the bidding of the Land Parcel on a joint basis through open tenders organized by the Transaction Center on 12 September 2013. On 12 September 2013, upon the successful bidding of the Land Parcel, the Parties entered into (i) the Bid Confirmation with the Land Bureau; and (ii) 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in respect of the establishment of the Project Company for the acquisition and development of such Land Parcel, which superseded the previous bidding agreement between the Parties.

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.

BACKGROUND

The Board is pleased to announce that pursuant to a bidding agreement between GZCJ, an indirect 95.48% owned subsidiary of the Company, and JV Partner in respect of the Land Parcel, GZCJ paid 20% the Deposit and the JV Partner paid 80% of the Deposit to the Land Bureau, and the Parties participated in, and won, the bidding of the Land Parcel on a joint basis through open tenders organized by the Transaction Center on 12 September 2013. On 12 September 2013, upon the successful bidding of the Land Parcel, the Parties entered into (i) the Bid

Confirmation with the Land Bureau; and (ii) 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in respect of the establishment of the Project Company for the acquisition and development of such Land Parcel, which superseded the previous bidding agreement between the Parties.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 Land Parcel

The Land Parcel has a site area of approximately 147,240 sq.m. and a total gross floor area of approximately 956,657 sq.m., of which the permissible gross floor area amounts to approximately 715,000 sq.m. and an underground gross floor area of approximately 241,657 sq.m.. The total land premium of the Land Parcel is RMB9,010,000,000 and the average land cost based on the total gross floor area amounts to approximately RMB9,400 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 15.71 million sq.m.. In terms of the attributable interest, the Company's landbank amounted to approximately 13.64 million sq.m..

Further information about the Land Parcel

The Land Parcel is located in Jiangnan District, Wuhan City, Hubei Province of the PRC, which is a land parcel surrounded by Jiefang Avenue, Xinhua Road, Jingwu 4th Road, Jingwu East Road, Jiangnan North Road and Jingwu 1st Road. The Land Parcel is situated in the center of Wuhan City, and is surrounded by premier office buildings, department stores and retail shops, creating a bustling business atmosphere. It is in close proximity to the Zhongshan Park and Xunli Men stations of the Wuhan Subway Line Two, and also near Zhongshan Park and Sports Centre, with comfortable environment, well-equipped facilities and excellent transport that lead to a convenient lifestyle.

PRINCIPAL TERMS OF THE BID CONFIRMATION

On 12 September 2013, upon the successful bidding of the Land Parcel, the Parties have entered into the Bid Confirmation with the Land Bureau for the Land Parcel, the principal terms of which are as follows.

Date

12 September 2013

Parties

The Parties and the Transaction Center

Land premium and payment

The Parties shall sign the Land Transfer Contract with the Land Bureau within 30 days after delivery of the Land Parcel. The land premium for the Land Parcel is RMB9,010,000,000, 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 open tenders organized by the Transaction Center after taking into account the initial bidding price required under the open tender documents for the Land Parcel, the prevailing market conditions, location of the Land Parcel and land price in the surrounding area.

50% of the land premium for the Land Parcel shall be paid by the Project Company on or before 11 October 2013. A further 20% of the land premium for the Land Parcel shall be paid by the Project Company on or before 11 March 2014 and the balance of the land premium shall be paid by the Project Company on or before 11 September 2014.

PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

On 12 September 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, GZCJ and JV Partner shall establish the Project Company for the development of the Land Parcel. GZCJ and JV Partner shall own 8% and 92%, 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 GZCJ, 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 RMB9,010,000,000 will be financed in the following manner:

- (1) RMB50,000,000 of which shall be payable by GZCJ and JV Partner to the Project Company as its registered capital in proportion to their equity interest held in the Project Company (i.e. 8%:92%) before 23 September 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 shareholder loans from GZCJ and JV Partner (including the 80% Deposit paid by the JV Partner) to the Project Company in proportion to their equity interest held in the Project Company (i.e. 8%:92%) before 11 September 2014; and/or shareholder loan(s) to be made by JV Partner to the Project Company.

Out of the 20% Deposit paid by GZCJ, RMB360,400,000 will be loaned to the Project Company as shareholders loan as stated above, the remaining RMB39,600,000 will be repaid to GZCJ by the Project Company and GZCJ's total contributions for the land premium for the Land Parcel will not in any event be higher than RMB720,800,000, being 8% of the land premium for the Land Parcel. GZCJ's capital commitments to the Project Company will be financed by the Group's internal resources.

Compensation

Before the date of establishment of the Project Company, the defaulting Party shall pay the other Party a compensation fee equivalent to 50% of the Deposit 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.

Before the establishment of the Project Company, the defaulting Party shall also pay the other Party a compensation fee equivalent to amount of Deposit contributed by the non-defaulting parity if it causes the Deposit to be confiscated for whatever reasons. Following the establishment of the Project Company, the defaulting Party shall also pay the Project Company a compensation fee equivalent to amount of Deposit if it causes the Deposit to be confiscated for whatever reasons.

The defaulting Party shall also be required to compensate the non-defaulting Party or the Project Company of a sum equal to the Deposit and/or the loss suffered by the Project Company or the non-defaulting Party caused by a breach of the terms of the Cooperation Agreement caused by the defaulting Party.

Management of the Project Company

The Project Company shall have five directors, one of which shall be appointed by GZCJ 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 GZCJ 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 GZCJ for it to acquire all of the 92% equity interests of the Project Company held by JV Partner. The Call Option is exercisable by GZCJ during the period commencing on the first anniversary and ending on the twenty-fourth 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 equivalent 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 not exceeding 12% 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 GZCJ 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 GZCJ 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 Wuhan City center, will facilitate the Company to better reinforce its brand image and awareness in Wuhan 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, GZCJ 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.

GZCJ

GZCJ is an indirect 95.48% owned subsidiary of the Company and is a property development 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 bid confirmation notice (國有建設用地使用權成交確認書) signed by the Parties and the Land Bureau on 12 September 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 GZCJ for it to acquire all of the 92% 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
“Cooperation Agreement”	the cooperation agreement dated 12 September 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
“Deposit”	the amount of RMB2,000,000,000, 20% of which was paid by GZCJ and 80% of which was paid by the JV Partner 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

“GZCJ”	廣州城建開發南沙房地產有限公司(Guangzhou City Construction & Development Group Nansha Co. Ltd.*), an indirect 95.48% owned subsidiary of the Company incorporated under the laws of PRC with limited liability and one of the Parties to the Cooperation Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV PARTNER”	廣州越秀仁達四號實業投資合夥企業(有限合夥)(Guangzhou Yuexiu Renda No.4 Business Investment Enterprise (Limited Partnership)*, one of the Parties to the Cooperation Agreement
“Land Bureau”	武漢市國土資源和規劃局 (Wuhan City Land Resources and Planning Bureau*)
“Land Parcel”	the parcel of land situated in Hankou District, Wuhan City, Hubei Province of the PRC with a site area of approximately 147,240 sq.m. to be acquired by the Project Company under the Cooperation Agreement
“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”	GZCJ 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” 武漢市土地交易中心 (Wuhan City Land Transaction Center*)

* *for identification purposes only*

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

Hong Kong, 12 September 2013

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

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