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**越秀地產股份有限公司**

**YUEXIU PROPERTY COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

**ANNOUNCEMENT**

**PROPOSED ISSUANCE BY A SUBSIDIARY OF GUARANTEED  
CORPORATE BONDS IN THE PRC**

**AND**

**CONNECTED TRANSACTION IN RESPECT OF  
UNDERWRITING AGREEMENT IN RELATION THERETO**

**PROPOSED PUBLIC ISSUANCE BY A SUBSIDIARY OF GUARANTEED  
CORPORATE BONDS IN THE PRC**

The Board is pleased to announce that an application has been made by the Issuer to the SSE in respect of the proposed public issuance of the 2017 Corporate Bonds with an aggregate principal amount of up to RMB7,000,000,000. The 2017 Corporate Bonds are proposed to be issued to qualified investors in the PRC and, upon issuance, to be listed on the SSE. The Issuer's payment obligations in respect of the 2017 Corporate Bonds to be issued are guaranteed by GZYY.

**UNDERWRITING AGREEMENT**

In connection with the Proposed Issuance, the Issuer and GZ Securities entered into an Underwriting Agreement on 15 December 2017, pursuant to which the Issuer engaged GZ Securities to act as the lead underwriter in respect of the proposed issuance of the 2017 Corporate Bonds.

## LISTING RULES IMPLICATIONS

Pursuant to the announcement made by GZ Yuexiu Financial (formerly known as Guangzhou Friendship Group Co., Ltd.\* (廣州友誼集團股份有限公司)) on the website of the Shenzhen Stock Exchange (<http://www.szse.cn>) on 19 August 2017, GZYX (the ultimate controlling shareholder of the Company) has on 17 August 2017 increased its interests in GZ Yuexiu Financial to approximately 54.25%. GZ Securities is a non wholly-owned subsidiary of GZ Yuexiu Financial, which is in turn a non wholly owned-subsubsidiary of GZYX (the ultimate controlling shareholder of the Company) after the Capital Increase. Therefore, as at the date of this announcement, GZ Securities is a connected person of the Company.

As the Underwriting Agreement has been entered into between the Issuer and GZ Securities on normal commercial terms and the highest applicable percentage ratio as calculated in accordance with Chapter 14 of the Listing Rules using the maximum underwriting fees payable by the Issuer to GZ Securities pursuant to the Underwriting Agreement is more than 0.1% but less than 5%, the transaction in respect of the payment of underwriting fees by the Issuer to GZ Securities contemplated under the Underwriting Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will make further announcement(s) in respect of the issuance and listing of the 2017 Corporate Bonds as and when appropriate in compliance with Listing Rules.

**As the proposed issuance of the 2017 Corporate Bonds is subject to a number of conditions, including but not limited to approvals of the CSRC, the SSE and any other relevant governmental or regulatory authorities, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

## PROPOSED PUBLIC ISSUANCE BY A SUBSIDIARY OF GUARANTEED CORPORATE BONDS IN THE PRC

The Board is pleased to announce that an application has been made by the Issuer to the SSE in respect of the proposed public issuance of guaranteed interest-bearing bonds (the “**2017 Corporate Bonds**”) with an aggregate principal amount of up to RMB7,000,000,000 (the “**Proposed Issuance**”). The 2017 Corporate Bonds are proposed to be issued to qualified investors in the PRC and, upon issuance, to be listed on the SSE. The Issuer’s payment obligations in respect of the 2017 Corporate Bonds to be issued are guaranteed by GZYX.

Each of the Issuer and the 2017 Corporate Bonds have received a credit rating of “AAA” from a credit rating agency, China Chengxin Securities Rating Company Limited\* (中誠信證券評估有限公司). The 2017 Corporate Bonds will be placed and underwritten (if necessary) by GZ Securities. The Issuer will commence marketing of the 2017 Corporate Bonds after approvals from the CSRC and the SSE in respect of the Proposed Issuance have been obtained, depending on the market conditions, and will determine the coupon rate of the 2017 Corporate Bonds after book-building.

Further information in relation to the 2017 Corporate Bonds will be published on the website of the SSE (<http://www.sse.com.cn>).

### **Principal Terms of the Underwriting Agreement**

In connection with the Proposed Issuance, the Issuer and GZ Securities entered into an underwriting agreement on 15 December 2017, pursuant to which the Issuer engaged GZ Securities to act as the lead underwriter in respect of the proposed issuance of the 2017 Corporate Bonds (the “**Underwriting Agreement**”). Set out below are the principal terms of the Underwriting Agreement:

Date:	15 December 2017
Parties:	(1) The Issuer; and (2) GZ Securities, as the lead underwriter
Subject and underwriting liability:	The underwriting obligations of GZ Securities are conditional upon the condition precedents set out in the Underwriting Agreement. Upon satisfaction of such conditions precedent, GZ Securities shall underwrite the 2017 Corporate Bonds to be issued by the Issuer by way of standby commitment underwriting in accordance with the terms of the Underwriting Agreement. GZ Securities may form an underwriting syndicate for the underwriting of the 2017 Corporate Bonds.
Underwriting fees:	In consideration of the underwriting services provided by GZ Securities under the Underwriting Agreement, the Issuer shall pay underwriting fees to GZ Securities, which shall be calculated at 0.38% of the actual total issue amount of the 2017 Corporate Bonds. Accordingly, the maximum aggregate amount of underwriting fees payable by the Issuer to GZ Securities under the Underwriting Agreement is RMB26,600,000.

The underwriting fees were determined by the Issuer and GZ Securities after arm's length negotiations with reference to the market price for similar services and is in line with prevailing normal commercial terms. GZ Securities will deduct the underwriting service fees from the proceeds after completion of issuance of the 2017 Corporate Bonds.

**Termination:**

The Underwriting Agreement shall be automatically terminated upon the CSRC's approval for the Proposal Issuance having expired, and the Underwriting Agreement may also be terminated by mutual agreement of the Issuer and GZ Securities before the date on which the 2017 Corporate Bonds are listed on the SSE (the "**Underwriting Expiry Date**").

The Issuer may by written notice before the Underwriting Expiry Date demand GZ Securities to rectify any relevant issue if GZ Securities has breached its obligations, undertakings or lost its ability to underwrite the relevant 2017 Corporate Bonds, failing which the Issuer may terminate the Underwriting Agreement by written notice to GZ Securities. Equally, GZ Securities may by written notice before the Underwriting Expiry Date demand the Issuer to rectify any relevant issue if the Issuer has breached its obligations, failed to cooperate with GZ Securities' due diligence and if there is material misrepresentation in the Issuer's undertakings, failing which GZ Securities may terminate the Underwriting Agreement by written notice to the Issuer.

## **INFORMATION OF THE ISSUER AND GZ SECURITIES**

The Issuer is principally engaged in the development, operation, leasing and management of properties in the PRC (including the operation and management of certain projects and project companies of the Group from which it is entitled to derive return and benefits pursuant to various intra-group arrangements and whose financial performance are consolidated into those of the Issuer).

GZ Securities is principally engaged in, among others, securities brokerage, consultancy in relation to securities investment, the provision of financial advice in relation to securities investment activities, securities underwriting and sponsorship, proprietary trading of securities, securities asset management, securities margin trading and consignment of securities investment funds and financial products.

## **REASONS FOR ENTERING INTO THE UNDERWRITING AGREEMENT**

The Board is of the view that the issuance of the 2017 Corporate Bonds diversifies the Group's portfolio of financial instruments, and will effectively replenish the liquid capital and optimise the capital structure of the Group and have a positive impact on the operations of the Group as a whole.

In addition, as part of the principal business of the Guangzhou-based GZ Securities is the underwriting and sponsorship of shares and bonds issuances in the PRC, the Directors consider GZ Securities to have the experience, expertise and investor-customer base to undertake the placement and underwriting of the 2017 Corporate Bonds.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of 2017 Corporate Bonds and the Underwriting Agreement are normal commercial terms, are fair and reasonable, and the issuance of the 2017 Corporate Bonds and the entering into of the Underwriting Agreement are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Pursuant to the announcement made by GZ Yuexiu Financial (formerly known as Guangzhou Friendship Group Co., Ltd.\* (廣州友誼集團股份有限公司)) on the website of the Shenzhen Stock Exchange (<http://www.szse.cn>) on 19 August 2017, GZ YX (the ultimate controlling shareholder of the Company) has on 17 August 2017 increased its interests in GZ Yuexiu Financial to approximately 54.25% (the “**Capital Increase**”). GZ Securities is a non wholly-owned subsidiary of GZ Yuexiu Financial, which is in turn a non wholly owned-subsiary of GZ YX (the ultimate controlling shareholder of the Company) after the Capital Increase. Therefore, as at the date of this announcement, GZ Securities is a connected person of the Company.

As the Underwriting Agreement has been entered into between the Issuer and GZ Securities on normal commercial terms and the highest applicable percentage ratio as calculated in accordance with Chapter 14 of the Listing Rules using the maximum underwriting fees payable by the Issuer to GZ Securities pursuant to the Underwriting Agreement is more than 0.1% but less than 5%, the transaction in

respect of the payment of underwriting fees by the Issuer to GZ Securities contemplated under the Underwriting Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the issuance of the 2017 Corporate Bonds and the Underwriting Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the issuance of the 2017 Corporate Bonds and the Underwriting Agreement.

## **GENERAL**

The Company will make further announcement(s) in respect of the issuance and listing of the 2017 Corporate Bonds as and when appropriate in compliance with Listing Rules.

**As the proposed issuance of the 2017 Corporate Bonds is subject to a number of conditions, including but not limited to approvals of the CSRC, the SSE and any other relevant governmental or regulatory authorities, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“2017 Corporate Bonds”	the guaranteed interest-bearing corporate bonds proposed to be issued by the Issuer with an aggregate principal amount of up to RMB7,000,000,000 and to be listed for trading on the Shanghai Stock Exchange
“Board”	the board of Directors
“Capital Increase”	has the meaning as ascribed to it in the section headed “Listing Rules Implications” of this announcement
“Company”	Yuexiu Property Company Limited (越秀地產股份有限公司), 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GZ Securities”	廣州證券股份有限公司 (Guangzhou Securities Co., Ltd.*), a limited liability company incorporated in the PRC which is a non wholly-owned subsidiary of GZ Yuexiu Financial
“GZ Yuexiu Financial”	廣州越秀金融控股集團股份有限公司 (Guangzhou Yuexiu Financial Holdings Group Co., Ltd.*), a limited liability company incorporated in the PRC which is owned as to approximately 54.25% by GZYZ
“GZYZ”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issuer”	廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd.), a company incorporated in the PRC which is indirectly owned as to 95% by the Company and as to 5% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Co. Ltd.) respectively, the latter of which is in turn indirectly wholly-owned by GZYZ
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Proposed Issuance”	has the meaning as ascribed to it in the section headed “Proposed Public Issuance by a Subsidiary of Guaranteed Corporate Bonds in the PRC” of this announcement
“RMB”	RMB, the lawful currency of the PRC
“SSE”	Shanghai Stock Exchange (上海證券交易所)
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“Underwriting Agreement”	has the meaning as ascribed to it in the sub-section headed “Principal Terms of the Underwriting Agreement” of this announcement
“Underwriting Expiry Date”	has the meaning as ascribed to it in the sub-section headed “Principal Terms of the Underwriting Agreement” of this announcement
“%”	per cent

\* *for identification purposes only*

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

Hong Kong, 15 December 2017

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

*Executive Directors:*                      *ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan, LI Feng and CHEN Jing*

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