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CONNECTED TRANSACTION PROVISION OF GUARANTEE

GCCD agreed to sell the Properties to the Independent Purchasers pursuant to a sale and purchase agreement, and the Independent Purchasers are required to pay GCCD the balance of the purchase price in the aggregate amount of RMB190,000,000 pursuant to such agreement. YXSL, a connected person of the Company, offered loans in the aggregate amount equal to the Purchase Price Balance to the Independent Purchasers and their nominees (where the obligations of such nominees in relation to the Loans are guaranteed by the relevant Independent Purchasers), at the interest rate of 1.1% per month, for the purpose of financing such payment obligations of the Independent Purchasers.

On 25 December 2017, GCCD and YXSL entered into the Sales Loan Cooperation Agreement, pursuant to which GCCD agreed to provide in favour of YXSL a guarantee for the Independent Purchasers' payment and guarantee obligations in relation to the Loans under the relevant loan agreements each dated 25 December 2017.

LISTING RULES IMPLICATIONS

YXSL is a connected person of the Company, and the transactions contemplated under the Sales Loan Cooperation Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the Sales Loan Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Sales Loan Cooperation Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the transactions contemplated under the Sales Loan Cooperation Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the Sales Loan Cooperation Agreement.

BACKGROUND

GCCD agreed to sell the Properties to the Independent Purchasers pursuant to a sale and purchase agreement, and the Independent Purchasers are required to pay GCCD the balance of the purchase price in the aggregate amount of RMB190,000,000 (the “**Purchase Price Balance**”) pursuant to such agreement. YXSL, a connected person of the Company, offered loans in the aggregate amount equal to the Purchase Price Balance (the “**Loans**”) to the Independent Purchasers and their nominees (where the obligations of such nominees in relation to the Loans are guaranteed by the relevant Independent Purchasers), at the interest rate of 1.1% per month, for the purpose of financing such payment obligations of the Independent Purchasers.

On 25 December 2017, GCCD and YXSL entered into the Sales Loan Cooperation Agreement, pursuant to which GCCD agreed to provide in favour of YXSL a guarantee (the “**GCCD Guarantee**”) for the Independent Purchasers’ payment and guarantee obligations in relation to the Loans under the relevant loan agreements each dated 25 December 2017 (the “**Loan Agreements**”). The GCCD Guarantee constitutes a connected transaction under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF THE SALES LOAN COOPERATION AGREEMENT

The principal terms of the Sales Loan Cooperation Agreement are set out below:

Date: 25 December 2017

Parties: (1) GCCD; and
(2) YXSL

Term

The term of the GCCD Guarantee (the “**Guarantee Term**”) will commence from the date on which YXSL has deposited the amount of the Loans into the designated bank account of GCCD until one month after the expiry of the performance of the payment obligations of the Independent Purchasers and their nominees in respect of the principal amount of the Loans. The GCCD Guarantee shall be automatically released after GCCD has obtained the property ownership certificate in respect of the Properties and has delivered the same to YXSL.

Scope of the GCCD Guarantee

In the event that the Independent Purchasers and/or their nominees fail to repay any part of the principal amount and/or interest in respect of the Loans when they become due, YXSL should immediately demand the Independent Purchasers and/or their nominees for the repayment thereof, or else GCCD shall have the right to refuse to fulfil its guarantee obligations under the Sales Loan Cooperation Agreement.

During the Guarantee Term and before the GCCD Guarantee is released, if any of the Independent Purchasers and/or their nominees fail to repay the Loans when they become due (or if the interests payable under the Loans Agreement are in arrears for two months), and, in the case of a nominee, the relevant Independent Purchasers also fail to perform their guarantee obligations under the relevant Loan Agreements, YXSL shall, within 15 business days from the date of the occurrence of any of the abovementioned events, issue a notice to GCCD requesting it to fulfil its guarantee obligations under the GCCD Guarantee, and GCCD shall pay to YXSL the relevant amount due within 15 business days after receiving such notice.

REASONS FOR AND BENEFITS OF THE SALES LOAN COOPERATION AGREEMENT

The Company considers that, in relation to a property sale by a property developer in the PRC, it is a common practice for the financier of the purchaser to require a guarantee to be given by the property developer to protect the financier's interest before completion of the property sale, and it is not uncommon for such financier to be a related party of the property developer. The GCCD Guarantee constitutes a connected transaction under Chapter 14A of the Listing Rules because, in this case, the financier is a connected person of the Company engaged in the property financing business.

Given the Loan Agreements are entered into between YXSL and the Independent Purchasers, who are Independent Third Parties, on an arms-length basis, and taking into account the common practice in the PRC property market as discussed above, the Directors (including the independent non-executive Directors) are of the view that terms of the Sales Loan Cooperation Agreement are normal commercial terms, are fair and reasonable, and that the entering into of the Sales Loan Cooperation Agreements and the provision of the GCCD Guarantee is in the interests of the Company and its shareholders as a whole.

INFORMATION OF 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). The Group 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.

INFORMATION OF GCCD

GCCD is principally engaged in the development, operation, leasing and management of properties (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 GCCD).

INFORMATION OF YXSL

YXSL is principally engaged in financial business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, YXSL is owned as to 30% by GZ Yuexiu Financial, which is in turn a non-wholly owned PRC subsidiary of GZYYX (the ultimate controlling shareholder of the Company). Therefore, as at the date of this announcement, YXSL is a connected person of the Company, and the transactions contemplated under the Sales Loan Cooperation Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Sales Loan Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Sales Loan Cooperation Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the transactions contemplated under the Sales Loan Cooperation Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the Sales Loan Cooperation Agreement.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“GCCD”	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 GZYX
“GCCD Guarantee”	has the meaning ascribed to it under the section “Provision of Guarantee” in this announcement
“Group”	the Company and its subsidiaries
“Guarantee Term”	has the meaning ascribed to it under the section “Provision of Guarantee - Principal Terms of the Sales Loan Cooperation Agreement — Term” in this announcement
“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 non-wholly owned PRC subsidiary of GZYX

“GZYX”	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 People’s Republic of China
“Independent Third Party(ies)”	a third party which, with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Independent Purchasers”	collectively, 洪劍新 (Hong Jianxin*)、林秋傑 (Lin Qiujie*)、林海城 (Lin Haicheng*) and 吳柏浚 (Wu Bojun*), all of whom are Independent Third Parties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	has the meaning as ascribed under the section “Background” in this announcement
“Loan Agreements”	has the meaning ascribed to it under the section “Background” in this announcement
“PRC”	the People’s Republic of China, and for the purposes of this announcements only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.
“Properties”	collectively, the 1st to 5th Floor units located at No. 128 Kexiang Road, Guangzhou Development Zone, Guangdong Province, the PRC with a total construction area of approximately 35,712.6729 sq.m.
“Purchase Price Balance”	has the meaning ascribed to it under the section “Background” in this announcement
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement in respect of the purchase of the Properties entered into between the Independent Purchasers and GCCD on 16 January 2017

“Sales Loan Cooperation Agreement”	the sales loan cooperation agreement dated 25 December 2017 entered into between GCCD and YXSL in relation to, among other things, the GCCD Guarantee
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YXSL”	廣州越秀小額貸款有限公司 (Guangzhou Yuexiu Microcredit Company Ltd.*), a limited liability company incorporated in the PRC and which is owned as to 30% by GZ Yuexiu Financial

* *for identification purposes only*

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

Hong Kong, 26 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*