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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

VOLUNTARY ANNOUNCEMENT

PROPOSED ESTABLISHMENT AND ISSUANCE OF ASSET-BACKED SECURITIES PRODUCT BY A SUBSIDIARY OF THE COMPANY TO BE LISTED ON THE SHANGHAI STOCK EXCHANGE

This is a voluntary announcement made by Yuexiu Property Company Limited (越秀地產股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board of directors of the Company (the “**Board**”) announces that Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) (“**GCCD**”), a 95%-owned subsidiary of the Company, agreed to, through a third party lending bank, make available on a one-off basis trust loans in the aggregate principal amount of not exceeding RMB1,150 million (the “**Trust Loans**”) to Guangzhou Yuexiu Property Development Company Limited* (廣州越秀物業發展有限公司) (“**Yuexiu Property Development**”), a subsidiary of the Company.

As the original beneficiary of all of the rights under the Trust Loans, GCCD proposes the establishment of the Guangzhou Securities - Guangzhou Yuexiu Management Fee Asset-backed Securities Plan* (廣州證券-廣州越秀物業費資產支持專項計劃) (the “**Plan**”), of which it is proposed that 廣州證券股份有限公司 (Guangzhou Securities Co., Ltd.*) (“**GZ Securities**”) will be the manager of the Plan, using its creditor’s rights and ancillary rights under the Trust Loans as the underlying assets in respect of the ABS and to issue asset-backed securities (the “**ABS**”) pursuant to the Plan. Yuexiu Property Development, together with 7 property management companies (all of which are subsidiaries of the Company), agreed to pledge all of their accounts receivables arising from property management fees payable to them in respect of 45 property projects in favour of the third party lending bank, to secure the punctual and full settlement of Yuexiu Property Development’s obligations under the Trust Loans. The Trust Loans are for a term of not exceeding ten years.

The Plan is the first asset securitization of property management fees project in China for the Group. The ABS will, when issued, be listed and traded on the Shanghai Stock Exchange (“SSE”). On 12 March 2018, GCCD received a no objection letter from the SSE in relation to GCCD’s application for the listing of the ABS on the SSE.

The duration of the ABS to be issued pursuant to the Plan is nine years, effective from the date on which the Plan is set up. The total principal amount of the ABS to be issued is targeted at not more than RMB1,150 million. The ABS will be classified as prioritized ABS and subordinated ABS according to its risks, characteristics of earnings and characteristics of duration, out of which the issue size of the prioritized ABS will not exceed RMB1,111 million, and the issue size of the subordinated ABS will not exceed RMB39 million. The prioritized ABS, which have been rated as AAA by China Chengxin Securities Rating Company Limited* (中誠信證券評估有限公司) and will be issued to qualified institutional investors, whilst all of the subordinated ABS will be subscribed by GCCD.

The Board considers that the issuance of the ABS will help improve the financing structure of the Company, revitalize the relatively stable income from property management fees and reduce the impact of the recent increasing trend in the financing costs on the Company.

GZ Securities is the manager and bookrunner of the Plan and will receive sales commission and management fees from the Group (the “**Arrangement**”). GZ Securities is an associate of 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*), the ultimate controlling shareholder of the Company, and therefore GZ Securities is a connected person of the Company. The rate of the sales commission and management fees payable by the Group to GZ Securities has been determined after arm’s length negotiation among the parties and is in line with prevailing normal commercial terms. Based on the total principal amount of the ABS to be issued of not more than RMB1,150 million, the total amount of maximum sales commission and management fees that GZ Securities may receive is up to approximately RMB9.47 million. As all of the applicable percentage ratios in respect of the maximum total sales commission and management fees payable by the Group to GZ Securities are less than 0.1%, the transactions between the Group and GZ Securities contemplated under the Plan qualifies as a de minimis transaction under Rule 14A.76 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and is fully exempt from shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. As the duration of the Arrangement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Yu Ming Investment Management Limited (“**Yu Ming**”) as the independent financial adviser to explain why the Arrangement requires a longer period than three years. Yu Ming confirms that it is normal business practice for arrangements of this type to be of such duration.

As the issuance of the ABS is subject to market conditions and hence may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing or investing in the shares of the Company.

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

Hong Kong, 13 March 2018

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*

** for identification purpose*