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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF A 51% INTEREST IN TWO NEW METRO PROPERTY PROJECTS

THE ACQUISITIONS

As disclosed in the Option Announcement, with the benefit of its strategic relationship with Guangzhou Metro, the Company secured the right to acquire a 51% interest in each of the New Metro Property Projects by entering into two YXP Option Deeds with GZYX on 28 May 2019.

(a) The Luogang Project

The Luogang Project is strategically located adjacent to the Xiangxue Station of the No. 6 subway line. It is the only sizeable parcel of land in the core area of Huangpu District, Guangzhou on which a mixed-use property complex comprising residential buildings and educational facilities can be developed.

(b) The Chen Tougang Project

The Chen Tougang Project is located east of Chen Tougang Station on the No. 22 subway line. It is a rare and sizeable residential-only property development project in the Panyu District, Guangzhou. The value of the Chen Tougang Project is expected to increase corresponding to the commencement of the No. 22 subway line's operation in 2020.

The Company is pleased to announce that it has exercised the two YXP Options pursuant to the terms of the YXP Option Deeds and that it has nominated the Purchaser, a subsidiary of the Company, to acquire the 51% Equity and Loan Interests. Completion of the Acquisitions pursuant to such exercise will be conditional upon (among others) the obtaining of Independent Shareholders' approval.

In order to effect the transfer of the 51% Equity and Loan Interests, the Purchaser has entered into the Transaction Documents on 10 September 2019. Pursuant to the Transaction Documents, the Purchaser has conditionally agreed to acquire the entire equity interest in each of the Target Holding Companies (which hold the respective 51% equity interests in the Target Companies) for a total consideration of RMB128,045,000, together with interests in the corresponding Loans in an aggregate principal amount of RMB8,530,414,787 (including, to the extent applicable, interest accrued at 6.5% per annum from the respective dates when such Loans were made or acquired by GZYX up to completion of the Acquisitions), by way of assuming the assignment of the interests in the Loans (except for a small part of the Loans which will be refinanced), in each case on a dollar-for-dollar basis.

For illustrative purpose, assuming completion of the Acquisitions takes place on 15 November 2019 (being the date by which the Company targets to complete the Acquisitions), the Total Acquisition Amounts payable by the Purchaser for the two Acquisitions would be approximately RMB8,910,951,018 in total.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Board is of the view that acquiring a 51% interest in the two New Metro Property Projects represents an important step to forging the Company's strategic co-operation with Guangzhou Metro and to pursuing its business strategy of "Railway + Property". Upon completion of the Acquisitions, the GFA of the Group's metro related projects will increase to approximately 3.2 million m², representing approximately 14.9% of the current total land bank of the Group and approximately 36.3% of its land bank in first tier cities, in each case as at the date of this Announcement.

IMPLICATIONS UNDER LISTING RULES

As at the date of this announcement, GZYS wholly-owns YXE (the controlling shareholder of the Company) and is therefore an associate of YXE and, hence, a connected person of the Company. Accordingly, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions, on an aggregated basis, exceeds 25% but is less than 100%, the Acquisitions and the transactions contemplated thereunder, on an aggregated basis, constitute a major and connected transaction of the Company. Accordingly, each of the Acquisitions and the transactions contemplated thereunder are subject to the reporting, announcement, circular requirements and the approval of the Independent Shareholders at the GM under Chapters 14 and 14A of the Listing Rules.

Each of GZYS and its respective associates will abstain from voting on the relevant resolutions to approve the Acquisition Agreements and the transactions contemplated thereunder to be proposed at the general meeting of the Company.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Acquisitions. Yu Ming Investment Management Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions.

GM AND CIRCULAR

The GM will be convened and held by the Company to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transactions contemplated thereunder (namely. the Acquisitions).

The circular containing, among other things: (i) further information on the Acquisitions; (ii) a letter of recommendations from the Independent Board Committee in relation to the Acquisitions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Acquisitions; (iv) financial information of the Group and the Target Group; (v) valuation reports in respect of each of the Target Holding Companies and the New Metro Property Projects that will be developed and (vi) a notice of the GM, is expected to be despatched to the Shareholders on or before 30 September 2019.

Shareholders and potential investors of the Company should be aware that the Acquisitions are subject to certain conditions being satisfied, therefore the Acquisitions may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE ACQUISITIONS

As disclosed in the circular issued by the Company on 18 March 2019, the introduction of Guangzhou Metro as a strategic shareholder of the Company would put the Company in a better position (vis-à-vis its competitors) to gain the rights to participate in different new metro property development projects won by Guangzhou Metro, which would in turn facilitate the realization of the Company's business strategy of "Railway + Property". The acquisition by the Company of an 86% interest in the first of such projects (as referred in the circular mentioned above) was completed in April 2019.

As disclosed in the Option Announcement, with the benefit of its strategic relationship with Guangzhou Metro, the Company secured the right to acquire a 51% interest in each of the New Metro Property Projects by entering into two YXP Option Deeds with GZYX on 28 May 2019.

The Company is pleased to announce that it has exercised the two YXP Options pursuant to the terms of the YXP Option Deeds and that it has nominated the Purchaser, a subsidiary of the Company, to acquire the 51% Equity and Loan Interests. Completion of the Acquisitions pursuant to such exercise will be conditional upon (among others) the obtaining of independent Shareholders' approval.

Subject matter and consideration of the Acquisitions

As disclosed in the Option Announcement, on 28 May 2019, GZYX (and its subsidiaries) entered into, among others, equity transfer agreements with Guangzhou Metro to acquire a 51% equity interest (together with a pro-rata share of the then outstanding shareholders' loans including accrued interest) in each of the Target Companies from Guangzhou Metro (collectively the "GZYX 51% Acquisition") and completion of the GZYX 51% Acquisition took place on 30 May 2019. The total amounts paid by GZYX, taking into account the loans then extended by GZYX to the respective Target Holding Companies, in relation to the GZYX 51% Acquisition were approximately RMB4.36 billion (in respect of the Luogang Target Company) and RMB3.49 billion (in respect of the Chen Tougang Target Company). After completion of the GZYX 51% Acquisition, further loans in the aggregate principal amounts of RMB312,426,000 and RMB371,208,600 respectively were extended by GZYX to the Luogang Target Holding Company and the Chen Tougang Target Holding Company.

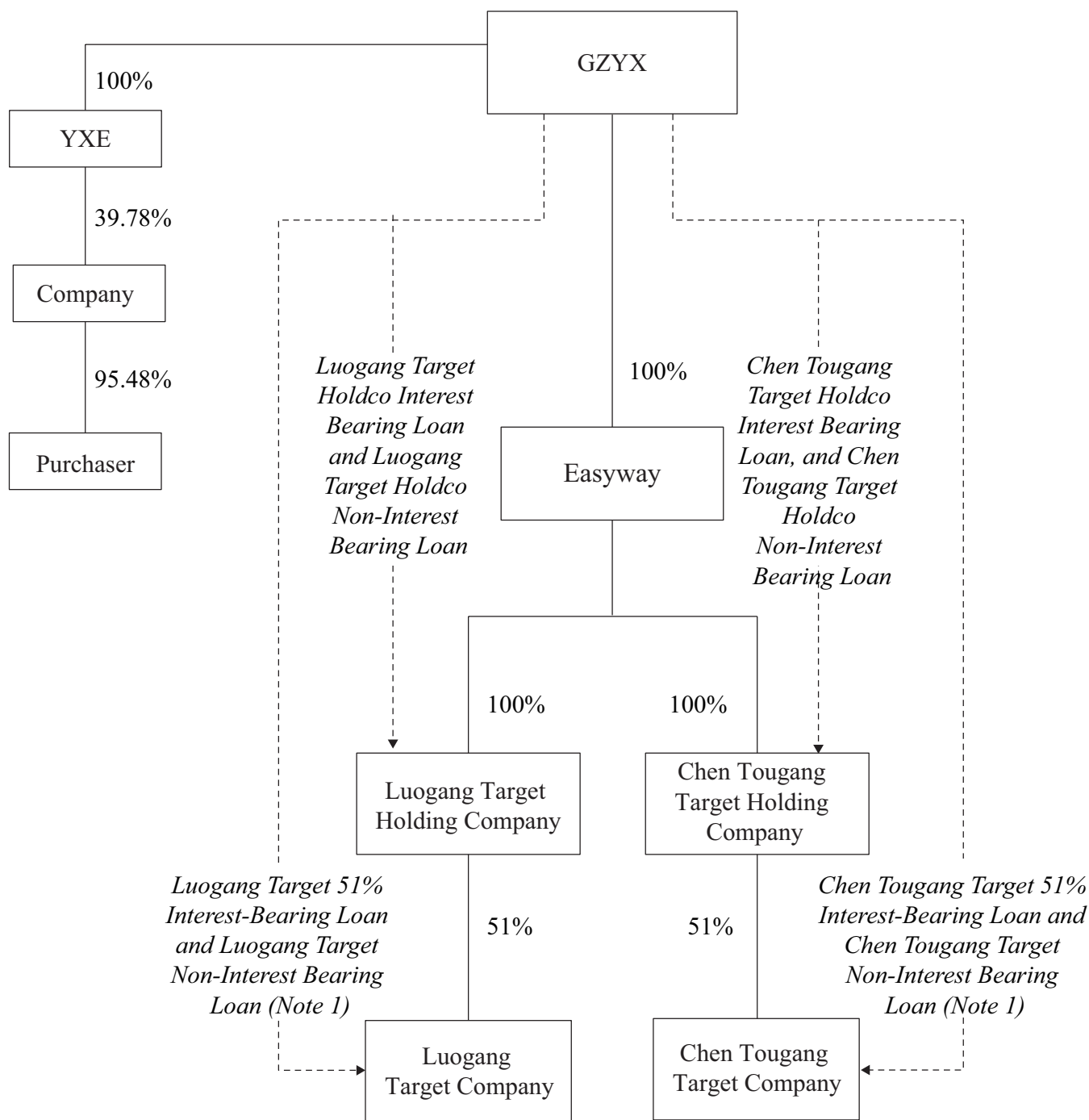
The Purchaser has entered into the Transaction Documents with Easyway, a wholly-owned subsidiary of GZYX, on 10 September 2019 pursuant to which the Purchaser has conditionally agreed to acquire the 51% Equity and Loan Interests comprising:

- (1) the entire equity interest in each of the Target Holding Companies (which hold the respective 51% equity interests in the Target Companies) for a total consideration of RMB128,045,000 (the “**Equity Considerations**”) (comprising, (a) RMB71,642,000 (the “**Luogang Equity Consideration**”), being the Appraised Value of the net assets of the Luogang Target Holding Company; and (b) RMB56,403,000 (the “**Chen Tougang Equity Consideration**”), being the Appraised Value of the net assets of the Chen Tougang Target Holding Company);
- (2) interests in the loans owing by the Target Holding Companies to GZYX in the aggregate principal amount of RMB1,120,980,858 (together with accrued interest, if applicable), comprising:
 - (i) RMB579,770,856 owing by the Luogang Target Holding Company to GZYX (the “**Luogang Target Holdco Interest Bearing Loan**”) and RMB540,279,789 owing by the Chen Tougang Target Holding Company to GZYX (the “**Chen Tougang Target Holdco Interest Bearing Loan**”), each bears interest at 6.5% per annum from and including the respective dates when such Loans (as defined below) were made to the relevant Target Holding Company by GZYX, which will be assigned to the Purchaser on a dollar-for-dollar basis upon completion of the Acquisitions; and
 - (ii) RMB590,063 owing by the Luogang Target Holding Company to GZYX (the “**Luogang Target Holdco Non-Interest Bearing Loan**”) and RMB340,150 owing by the Chen Tougang Target Holding Company to GZYX (the “**Chen Tougang Target Holdco Non-Interest Bearing Loan**”), each does not bear interest, and will be refinanced by the Purchaser upon completion of the Acquisitions; and
- (3) interests in the loans owing by the Target Companies to GZYX in the aggregate principal amount of RMB7,409,433,929 (together with accrued interest, if applicable), comprising:
 - (i) RMB4,005,102,573 owing by the Luogang Target Company to GZYX (the “**Luogang Target 51% Interest Bearing Loan**”) and RMB3,248,026,800 owing by the Chen Tougang Target Company (the “**Chen Tougang Target 51% Interest Bearing Loan**”), each bears interest to GZYX at 6.5% per annum from and including 31 May 2019 (being the date following the date of the GZYX 51% Acquisition), which will be assigned to the Purchaser on a dollar-for-dollar basis upon completion of the Acquisitions; and
 - (ii) RMB85,707,785 owing by the Luogang Target Company to GZYX (the “**Luogang Target Non-Interest Bearing Loan**”) and RMB70,596,771 owing by the Chen Tougang Target Company to GZYX (the “**Chen Tougang Target Non-Interest Bearing Loan**”), each does not bear interest, which will be assigned to the Purchaser on a dollar-for-dollar basis upon completion of the Acquisitions, (the loans described in paragraphs (2) and (3) above shall be collectively referred to as the “**Loans**”, and the equivalent amount of the Loans to be paid by the Purchaser shall be collectively referred to as the “**Loan Consideration**”), (the above are collectively referred to as the “**Acquisitions**”).

For illustrative purpose, assuming completion of the Acquisitions takes place on 15 November 2019 (being the date by which the Company targets to complete the Acquisitions), the Total Acquisition Amounts payable by the Purchaser for the Acquisitions would be approximately RMB8,910,951,018 (comprising RMB4,881,353,609 for the Luogang Acquisition and RMB4,029,597,409 for the Chen Tougang Acquisition, respectively).

Corporate structure before and immediately after the completion of the Acquisitions

Set out below is the simplified corporate structure chart as at the date of this announcement:



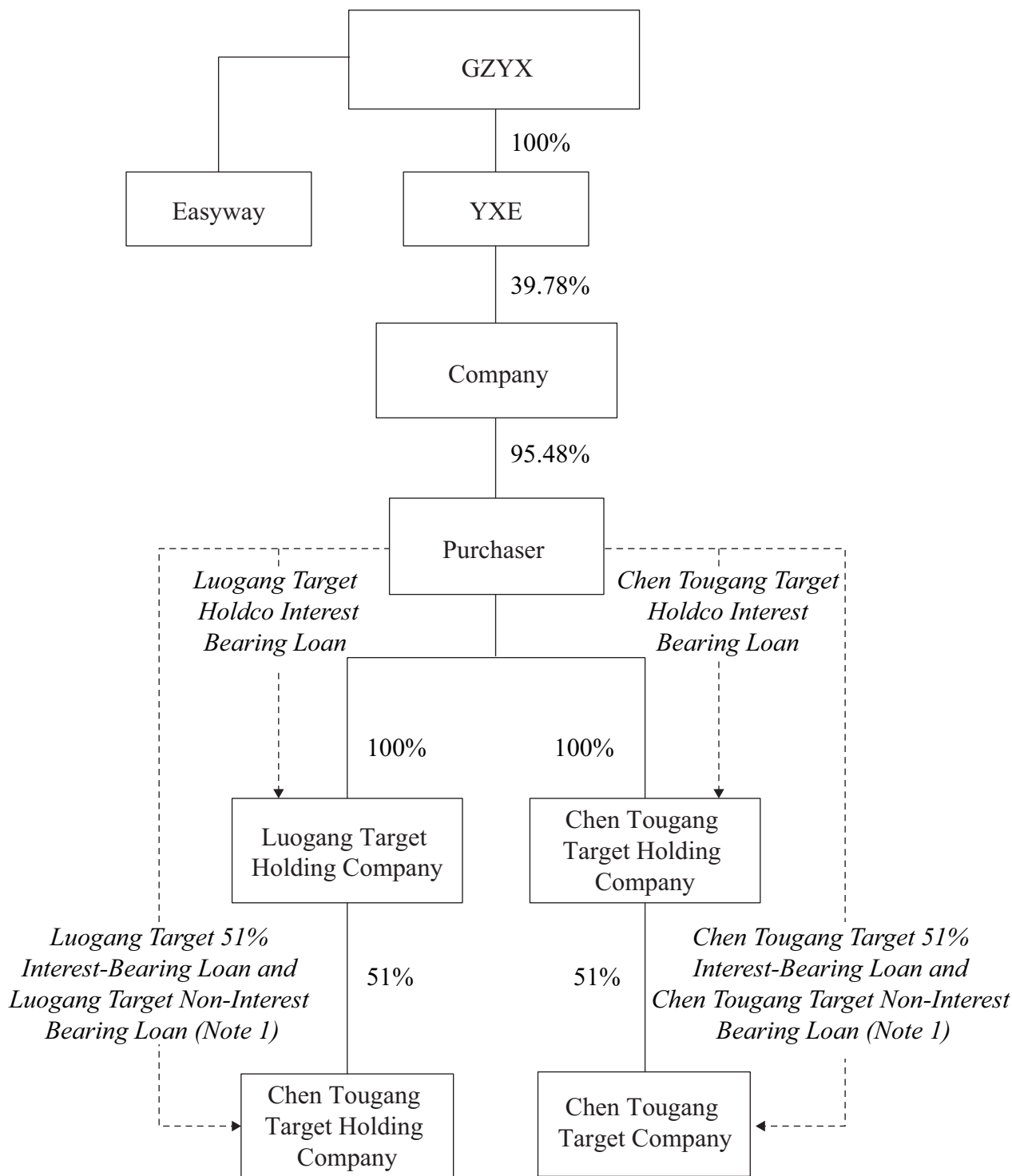
Note 1:

As a result of assignments of the Luogang Target Non-Interest Bearing Loan and Chen Tougang Target Non-Interest Bearing Loan (which were originally owed by each of the Target Companies to the Target Holding Companies), such loans are now owed by the Target Companies to GZYX directly.

Note 2:

- indicates shareholding/holding of equity interest (direct/indirect)
- - - - -> indicated debt provided by one party to another

Set out below is the simplified corporate structure chart immediately after completion of the Acquisitions:



Note 1:

As a result of assignments of the Luogang Target Non-Interest Bearing Loan and Chen Tougang Target Non-Interest Bearing Loan (which were originally owed by each of the Target Companies to the Target Holding Companies), such loans are now owed by the Target Companies to GZYZ directly.

Note 2:

- indicates shareholding/holding of equity interest (direct/indirect)
- - - - -> indicates debt provided by one party to another

BASIS OF DETERMINATION OF CONSIDERATION FOR THE LUOGANG ACQUISITION AND THE CHEN TOUGANG ACQUISITION

As at 30 June 2019, the Appraised Values of the Luogang Project and the Chen Tougang Project, as determined by the Independent Valuer using the comparison approach and cost approach, were approximately RMB8,932,000,000 and RMB8,678,000,000 respectively (each a “**Project Valuation**”), translating into approximately RMB14,752 and RMB14,874 per square metre, respectively, in terms of plot ratio accountable gross floor area (which is 605,472 m² in respect of the Luogang Project and 583,447 m² in respect of the Chen Tougang Project).

The consideration for the entire equity interests in the Target Holding Companies (which in turn hold the respective 51% equity interests in the Target Companies) to be acquired by the Purchaser was determined based on the respective Appraised Values of the net assets of the Target Holding Companies as at 30 June 2019, being approximately RMB71,642,000 and RMB56,403,000 respectively, as determined by the Independent Valuer.

As the sole asset held by each Target Holding Company (other than cash and cash equivalents) is its 51% equity interest in the relevant Target Company, the Independent Valuer determined the Appraised Value of the net assets of each Target Holding Company as at 30 June 2019 by (among other things) valuing its interest in the relevant Target Company at 51% of the Appraised Value of the net assets of the relevant Target Company as at 30 June 2019 and taking into account the liabilities of the Target Holding Company as at 30 June 2019 (which mainly comprised of shareholder’s loans advanced by GZYZ together with interest accrued up to 30 June 2019). In determining the Appraised Value of the net assets of each Target Company as at 30 June 2019, the Independent Valuer took into account (among other things) (a) the relevant Project Valuation and the deferred tax liabilities associated with the potential fair value gain of the relevant New Metro Property Project; and (b) the liabilities of the relevant Target Company as at 30 June 2019 (which mainly comprised of loans advanced by GZYZ and Guangzhou Metro together with interest accrued up to 30 June 2019).

For illustrative purpose, assuming completion of the Acquisitions takes place on 15 November 2019 (being the date by which the Company targets to complete the Acquisitions), the Total Acquisition Amounts payable by the Purchaser for the Acquisitions would be approximately RMB8,910,951,018 (comprising approximately RMB4,881,353,609 for the Luogang Acquisition and approximately RMB4,029,597,409 for the Chen Tougang Acquisition, respectively).

As disclosed in the Option Announcement, pursuant to the YXP Option Deeds, the exercise price of each of the YXP Options shall be the higher of: (1) GZYZ’s original cost of acquisition (inclusive of any further funding provided by GZYZ to the relevant Target Company) plus interest accrued in each case and other incidental costs (and after making fair and reasonable adjustments taking into account the deal structure) (the “**Total Contribution Approach**”); and (2) the value of the interests to be transferred as determined based on the valuation report prepared by an independent professional valuer to be agreed by GZYZ and the Company (the “**Appraised Value Approach**”). For the current exercise of the YXP Options, the Appraised Value Approach should prevail because it is expected that the Total Acquisition Amount (as determined and illustrated above assuming completion of the Acquisitions takes place on 15 November 2019) would be approximately equal to or marginally higher than an exercise price determined based on the Total Contribution Approach.

THE TRANSACTION DOCUMENTS

The terms of the Luogang Transaction Documents and the Chen Tougang Transaction Documents are substantially the same (save for, among others, the amounts payable thereunder). Details of the terms of the Transaction Documents are described below:

1. The Luogang Acquisition

(i) The Luogang Equity Transfer Agreement dated 10 September 2019 (“Luogang Equity Transfer Agreement”)

Parties: Easyway (a wholly-owned subsidiary of GZYY) (as seller) and the Purchaser (a company which is indirectly owned as to 95.48% by the Company) (as purchaser)

(ii) The Luogang Loan Assignment Agreements dated 10 September 2019 (“Luogang Loan Assignment Agreements”)

Parties:

(a) in respect of Luogang Target Holdco Interest Bearing Loan and the Luogang Target Holdco Non-Interest Bearing Loan: GZYY (as assignor), the Purchaser (as assignee) and the Luogang Target Holding Company (as debtor);

in respect of the Luogang Target 51% Interest-Bearing Loan and the Luogang Target Non-Interest Bearing Loan: GZYY (as assignor), the Purchaser (as assignee) and the Luogang Target Company (as debtor)

2. The Chen Tougang Acquisition

(i) The Chen Tougang Equity Transfer Agreement dated 10 September 2019 (“Chen Tougang Equity Transfer Agreement”, together with Luogang Equity Transfer Agreement, the “Equity Transfer Agreements”, and “Equity Transfer Agreement” shall mean either one of them)

Parties: Easyway (a wholly-owned subsidiary of GZYY) (as seller) and the Purchaser (a company which is indirectly owned as to 95.48% by the Company) (as purchaser)

(ii) The Chen Tougang Loan Assignment Agreements dated 10 September 2019 (“Chen Tougang Loan Assignment Agreements”)

Parties:

(a) in respect of Chen Tougang Target Holdco Interest Bearing Loan and the Chen Tougang Target Holdco Non-Interest Bearing Loan: GZYY (as assignor), the Purchaser (as assignee) and the Chen Tougang Target Holding Company (as debtor);

(b) in respect of the Chen Tougang Target 51% Interest-Bearing Loan and the Chen Tougang Target Non-Interest Bearing Loan: GZYY (as assignor), the Purchaser (as assignee) and the Chen Tougang Target Company (as debtor)

Conditions

The effective date of each of the Transaction Documents (the “Transaction Effective Date”) shall be the day on which the last of the following conditions has been satisfied:

- (a) the Independent Shareholders having passed all necessary resolutions at the GM to approve the relevant Transaction Document and the transactions contemplated thereunder; and
- (b) the consent(s) and/or waiver(s) of the relevant regulatory authorities which are necessary in connection with the execution, delivery and performance of the relevant Transaction Documents and the transactions contemplated thereunder having been obtained (and such approval(s) not being subsequently revoked prior to completion of the Acquisitions).

As it is contemplated that the Luogang Acquisition and the Chen Tougang Acquisition will be put forward in the same resolution at the GM, the effectiveness of the Luogang Acquisition and Chen Tougang Acquisition are inter-conditional, and the effective date of the Luogang Transaction Documents and the Chen Tougang Transaction Documents is expected to be the same date.

Consideration, payment terms and completion

Subject to the Transaction Documents having become effective:

- (a) each of the Luogang Equity Consideration of RMB71,642,000 and the Chen Tougang Equity Consideration of RMB56,403,000 shall be payable in cash in full by the Purchaser to Easyway within five business days of the Transaction Effective Date, and completion of each Equity Transfer Agreement shall take place on the date on which such relevant transfer is registered at the relevant administration for industry and commerce (collectively, the “**Equity Transfer Registrations**”);
- (b) within ten business days of the date of completion of the relevant Equity Transfer Agreement:
 - (i) GZYX shall transfer to the Purchaser all of its rights and interests in the Luogang Target Holdco Interest Bearing Loan, the Luogang Target 51% Interest Bearing Loan and the Luogang Target Non-Interest Bearing Loan (in respect of the Luogang Acquisition), and/or the Chen Tougang Target Holdco Interest Bearing Loan, the Chen Tougang Target 51% Interest Bearing Loan and the Chen Tougang Target Non-Interest Bearing Loan (in respect of the Chen Tougang Acquisition), as the case may be (together with accrued interest, if applicable) and the Purchaser shall pay an equivalent amount to GZYX; and
 - (ii) the Purchaser shall provide a loan to each of the Luogang Target Holding Company and/or the Chen Tougang Target Holding Company (as the case may be) to enable it to repay the Luogang Target Holdco Non-Interest Bearing Loans and the Chen Tougang Target Holdco Non-Interest Bearing Loans, respectively, in full.

Indemnity

Each party to the Luogang Transaction Documents and the Chen Tougang Transaction Documents (as the case may be) agrees to indemnify each of the other parties to the relevant Transaction Document against all losses, debts, taxes, damages, litigation and settlement costs and expenses suffered by the non-defaulting parties as a result of or in connection with any breach of the respective obligations of the defaulting parties.

Termination

After an Equity Transfer Agreement becomes effective, no party thereto shall be entitled to terminate that agreement except upon the occurrence of either one of the following events:

- (a) agreement in writing between the parties to the agreement; or
- (b) termination pursuant to any applicable laws, rules and regulations or pursuant to other terms of the agreement.

Upon termination of an Equity Transfer Agreement due to the default of any party, any part of the amounts payable under the Transaction Document (namely, the Equity Considerations and the Loan Considerations) which has been paid, shall be returned to the Purchaser. The defaulting party shall pay compensation and attend to all necessary procedures to unwind the relevant Equity Transfer pursuant to the terms of the relevant Equity Transfer Agreement and applicable laws and regulations.

MANAGEMENT OF THE TARGET COMPANIES

As a result of the completion of the Acquisitions, (a) the Target Holding Companies will become wholly-owned subsidiaries of the Company; (b) each of the Target Companies will become indirectly owned as to 51% by the Company; and (c) the financial results of the Target Holding Companies and the Target Companies will be consolidated into those of the Company.

Pursuant to the cooperative development agreement dated 28 May 2019 in relation to the establishment of the Luogang Target Company (the “**Luogang Cooperative Development Agreement**”), Guangzhou Metro, GZYX, the Luogang Target Holding Company and Science City agreed to cooperate to jointly develop the Luogang Project through the Luogang Target Company. Pursuant to the cooperative development agreement dated 28 May 2019 in relation to the establishment of the Chen Tougang Target Company (the “**Chen Tougang Cooperative Development Agreement**”), Guangzhou Metro, GZYX and the Chen Tougang Target Holding Company agreed to cooperate to jointly develop the Chen Tougang Project through the Chen Tougang Target Company.

Under the relevant cooperative development agreement, the relevant Target Holding Company is mainly responsible for the overall daily operational management of the respective New Metro Property Project. Unanimous approval of all the shareholders of the relevant Target Company is required for matters in relation to pledging of the shares or capital investment certificate of the relevant Target Company or the provision of guarantee by the relevant Target Company for the liabilities of a third party.

Board composition and reserved matters

Pursuant to the Luogang Cooperative Development Agreement, the Luogang Target Company has a total of nine directors, three of whom shall be appointed by Guangzhou Metro, five of whom shall be appointed by the Luogang Target Holding Company and one of whom shall be appointed by Science City.

Pursuant to the Chen Tougang Cooperative Development Agreement, the Chen Tougang Target Company has a total of five directors, two of whom shall be appointed by Guangzhou Metro and three of whom shall be appointed by the Chen Tougang Target Holding Company.

Pursuant to the Luogang Cooperative Development Agreement and the Chen Tougang Cooperative Development Agreement, all matters requiring board approval are subject to simple majority vote other than certain reserve matters such as (among others) increase or reduction of the registered capital, any merger, change in company form or liquidation and amendment of articles, which are subject to the approval of more than two-thirds of the directors of the relevant Target Company.

Further funding

In the event that additional funding is required for the development and construction of any New Metro Property Project, the relevant Target Company shall first seek external financing. In the event any Target Company does not have sufficient assets to secure its obligations under the external financing, subject to compliance with the respective internal approval procedures of the shareholders of the relevant Target Company and subject to the approval of the shareholders of the relevant Target Company, such shareholders shall provide security or guarantee pro-rata to their then respective equity holdings in the relevant Target Company.

In the event that external financing is insufficient to meet the capital requirements for the development and construction of the relevant New Metro Property Project, the shareholders of the relevant Target Company shall, subject to compliance with their respective internal approval procedures, provide additional shareholders' loans to the relevant Target Company pro-rata to their then respective equity holdings in the relevant Target Company to ensure normal operation of the relevant Target Company and the development of the relevant New Metro Property Project.

Profit distribution arrangements

Pursuant to the Luogang Cooperative Development Agreement and the Chen Tougang Cooperative Development Agreement, the profits of the relevant Target Company shall be shared by the parties to the agreement in proportion to their respective equity interests in the relevant Target Company.

Right of first refusal

Pursuant to the Luogang Cooperative Development Agreement and the Chen Tougang Cooperative Development Agreement, respectively, the shareholders of the relevant Target Company granted to each other a right of first refusal, where, subject to 95% or more of the total saleable area of the relevant New Metro Property Project having been sold, any one of the shareholders of the relevant Target Company (the “**Transferor**”) may transfer all or part of its equity interest in the relevant Target Company and assign all or part of the shareholder's loan (including any unpaid interest) owing to the Transferor by the relevant Target Company. It is the understanding between the shareholders of the relevant Target Company that the transfer of any such equity interest must be accompanied by the assignment of the same percentage of the Transferor's interest in the shareholder's loan owing to the Transferor by such Target Company, and vice versa.

The Company will take into account the implications under the Listing Rules when it proposes to transfer its interests in the relevant Target Company, or when considering whether to exercise the right of first refusal mentioned above (pursuant to a proposed transfer of interests in the relevant Target Company by the other shareholders of the relevant Target Company), and will comply with the applicable Listing Rules requirements (if any) in respect of the same.

Each of the Target Holding Companies and the Purchaser shall ensure that Guangzhou Metro's normal railway operations are not affected by the construction works of the relevant New Metro Property Project, and that the relevant New Metro Property Project complies with the safety management system and standards of Guangzhou Metro. If Guangzhou Metro becomes aware of a safety or quality issue caused by any New Metro Property Project failing to meet safety standards prescribed by Guangzhou Metro, it is entitled to demand for the construction works of the relevant New Metro Property Project to be suspended, in which case the Purchaser and the relevant Target Holding Company shall indemnify Guangzhou Metro against all losses suffered by Guangzhou Metro due to suspension of railway service and/or due to delay in construction works of the relevant New Metro Property Project in accordance with the terms of the Luogang Cooperative Development Agreement and/or the Chen Tougang Cooperative Development Agreement (as the case may be).

FINANCIAL INFORMATION OF THE TARGET HOLDING COMPANIES AND THE TARGET COMPANIES

The Luogang Target Holding Company

The audited consolidated financial information of the Luogang Target Holding Company prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants is as follows:

	From 27 November 2018 (being the date of incorporation of the Luogang Target Holding Company) to 31 December 2018 <i>RMB'000</i>	Six months ended 30 June 2019 <i>RMB'000</i>
Revenue	–	–
Net loss before taxation	–	(6,787)
Net profit after taxation	–	2,056

The audited consolidated total assets and the audited consolidated net asset value of the Luogang Target Holding Company as at 30 June 2019 were RMB9,441,317,000 and RMB598,353,000, respectively as stated in the audited consolidated accounts of the Luogang Target Holding Company for the six months ended 30 June 2019.

The Chen Tougang Target Holding Company

The audited consolidated financial information of the Chen Tougang Target Holding Company prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants is as follows:

	From 27 November 2018 (date of incorporation of the Chen Tougang Target Holding Company) to 31 December 2018 <i>RMB'000</i>	Six months ended 30 June 2019 <i>RMB'000</i>
Revenue	–	–
Net profit before taxation	–	6,641
Net profit after taxation	–	11,362

The audited consolidated total assets and the audited consolidated net asset value of the Chen Tougang Target Holding Company as at 30 June 2019 were RMB9,352,759,000 and RMB566,293,000, respectively, as stated in the audited consolidated accounts of the Chen Tougang Target Holding Company for the six months ended 30 June 2019.

INFORMATION OF THE PARTIES TO THE ACQUISITIONS AND THE NEW METRO PROPERTY PROJECTS

The Company

The Company is principally engaged in property development and investment, focusing on property development in the Guangdong-Hong Kong-Macau Greater Bay Area, Eastern Region, Central Region and Northern Region.

The Luogang Target Holding Company

The Luogang Target Holding Company is currently an investment holding company whose sole asset (other than cash or cash equivalents) is a 51% equity interest in the Luogang Target Company. It was principally engaged in the management and operation of properties and provision of property and investment consulting services.

The Luogang Target Company

The Luogang Target Company is principally engaged in property development and management, including the development of Pinxiu Xingyue (品秀星樾) located at east of Lihong One Road, south of Kaichuang Avenue, west of Kaiyuan Avenue and north of Banhe Road, Huangpu District, Guangzhou. It is also the sole registered owner of the Luogang Project.

The Chen Tougang Target Holding Company

The Chen Tougang Target Holding Company is currently an investment holding company whose sole asset (other than cash or cash equivalents) is a 51% equity interest in the Chen Tougang Target Company. It was principally engaged in the development and operation of properties and provision of corporate management services.

The Chen Tougang Target Company

The Chen Tougang Target Company is principally engaged in property development and management, including the development of Pinxiu Xinghan (品秀星瀚) located at the southwest of Dongxiao South Road and Dongxin Expressway, Panyu District, Guangzhou. It is also the sole registered owner of the Chen Tougang Project.

Easyway

Easyway is an investment holding company which is wholly-owned by GZYG.

The Purchaser

The Purchaser is an investment holding company.

GZYG

GZYG is beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC. GZYG, through its various subsidiaries, engages in various businesses including (among others) financial business, property development, infrastructure and construction.

Science City

Science City is principally engaged in the provision of services in construction and infrastructure. Science City is an Independent Third Party.

The New Metro Property Projects

(i) The Luogang Project

The Luogang project (the “**Luogang Project**”) is located at eastern of Lihong One Road, southern of Kaichuang Avenue, western of Kaiyuan Avenue and northern of Banhe Road, Huangpu District, Guangzhou, Guangdong Province. The Luogang Project is adjacent to the Xiangxue Station of the No. 6 subway line, which is only 600 metres away, and is directly connected to the station by an underpass. The Company understands that this is the only sizeable parcel of land in the core area of Huangpu District (with a site area of 282,931 m²., a plot ratio accountable gross floor area of 605,472 m² and a gross floor area of 935,795 m²) on which a mixed-use property complex comprising residential buildings and educational facilities can be developed. The construction of the Luogang Project to expected to complete in June 2023.

(ii) The Chen Tougang Project

The Chen Tougang project (the “**Chen Tougang Project**”) is located at the southwest of Dongxiao South Road and Dongxin Expressway, Panyu District, Guangzhou, Guangdong Province., which is east of Chen Tougang Station on the No. 22 subway line. The Chen Tougang Project is a rare residential-only property development project of such a large size (with a site area of 242,094 m² and a plot ratio accountable gross floor area of 583,447 m² and a gross floor area of 876,741 m²) in the Panyu District. The No. 22 subway line is expected to commence operation in 2020, which is expected to correspond with the Chen Tougang Project’s sales period and in turn help to increase the value of the project. The construction of the Chen Tougang Project is expected to complete in October 2023.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS LR14.58(8)

The Board is of the view that acquiring a 51% interest in the New Metro Property Projects in Guangzhou represents an important step to forging the Company’s strategic co-operation with Guangzhou Metro and to pursuing its business strategy of “Railway + Property”. Upon completion of the Acquisitions, the GFA of the Group’s metro related projects will increase to approximately 3.2 million m², representing approximately 14.9% of the current total land bank of the Group and approximately 36.3% of its land bank in first tier cities, in each case as at the date of this Announcement.

The Board considers that the terms of the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, provided that the independent non-executive Directors’ view is subject to the advice of the Independent Financial Adviser and the opinion of the Independent Board Committee will be set forth in the circular to be despatched to the Shareholders.

IMPLICATIONS UNDER LISTING RULES

As at the date of this announcement, GZYG wholly-owns YXE (the controlling shareholder of the Company) and is therefore an associate of YXE and, hence, a connected person of the Company. Accordingly, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions, on an aggregated basis, exceeds 25% but is less than 100%, the Acquisitions and the transactions contemplated thereunder, on an aggregated basis, constitute a major and connected transaction of the Company. Accordingly, each of the Acquisitions and the transactions contemplated thereunder are subject to the reporting, announcement, circular and the approval of the Independent Shareholders at the GM under Chapters 14 and 14A of the Listing Rules.

Pursuant to the Listing Rules, any Shareholder who has a material interest in any of the Acquisitions and the transactions contemplated thereunder other than its interest as a Shareholder, and such Shareholder’s associates, shall abstain from voting on the resolutions to approve the same to be proposed at the GM.

Each of GZYG and its respective associates will abstain from voting on the relevant resolutions to approve the Acquisition Agreements and the transactions contemplated thereunder to be proposed at the general meeting of the Company.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Acquisitions, and therefore no other Shareholder is required to abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder for the purpose of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Acquisitions.

Yu Ming Investment Management Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions, such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

GM AND CIRCULAR

The GM will be convened and held by the Company to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transaction contemplated thereunder (namely the Acquisitions).

The circular containing, among other things: (i) further information on the Acquisitions; (ii) a letter of recommendations from the Independent Board Committee in relation to the Acquisitions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Acquisitions; (iv) financial information of the Group, the Target Holding Companies and Target Companies; (v) valuation reports in respect of each of the Target Holding Companies and the New Metro Property Projects that will be developed and (vi) a notice of the GM, is expected to be despatched to the Shareholders on or before 30 September 2019.

Shareholders and potential investors of the Company should be aware that the Acquisitions are subject to certain conditions being satisfied, therefore the Acquisitions may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In addition to the expressions defined in the content of this announcement, the following expressions have the following meanings:

“51% Equity and Loan Interests”	collectively, 51% equity interest in the Luogang Target Company, 51% equity interest in the Chen Tougang Target Company and the Loan Rights
“Acquisitions”	acquisition of the 51% Equity and Loan Interests as described in the section headed “The Acquisitions – Subject matter of the Acquisitions”

“Appraised Value”	the market value of the relevant New Metro Property Project or the relevant Target Holding Company (as the case may be) as at 30 June 2019 as determined based on the relevant valuation report prepared by the Independent Valuer
“Appraised Value Approach”	has the meaning given to it in the section headed “Basis of determination of consideration for the Luogang Acquisition and the Chen Tougang Acquisition”
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chen Tougang Acquisition”	means the acquisition in respect of the 51% Equity and Loan Interests in the Chen Tougang Target Holding Company
“Chen Tougang Option Deed”	the option deed entered into between GZYY and the Company dated 28 May 2019 in relation to the Chen Tougang Project
“Chen Tougang Target Company”	廣州市品薈房地產開發有限公司(Guangzhou City Pinhui Property Development Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 51% and 49% by the Chen Tougang Target Holding Company and Guangzhou Metro respectively as at the date of this announcement
“Chen Tougang Target Holding Company”	廣州緯信實業發展有限公司(Guangzhou Weixin Industrial Development Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of GZYY as at the date of this announcement, which in turn owns 51% of equity interest in the Chen Tougang Target Company
“Company”	Yuexiu Property Company Limited, a company 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)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Easyway”	東緯有限公司(Easyway Incorporation Limited), a company incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of GZYY
“Equity Transfers”	collectively, the Luogang Equity Transfer and the Chen Tougang Equity Transfer,
“GFA”	gross floor area

“GM”	the general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transaction contemplated thereunder (namely, the Acquisitions)
“Group”	the Company and its subsidiaries
“Guangzhou Metro”	廣州地鐵集團有限公司(Guangzhou Metro Group Co., Ltd.*), a directly wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“GZYX”	廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited*), a company incorporated in the PRC with limited liability, which is beneficially wholly-owned by the Guangzhou municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun and Mr. Lau Hon Chuen Ambrose, established to advise the Independent Shareholders in respect of whether the Acquisitions are fair and reasonable and as to voting
“Independent Financial Adviser”	Yu Ming Investment Management Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Acquisitions are fair and reasonable and as to voting
“Independent Third Party(ies)”	third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected to any of the connected persons of the Company
“Independent Shareholders”	<p>(a) for the purpose of the Luogang Acquisition, Shareholders other than (i) any Shareholder who has a material interest in the Luogang Acquisition other than its interest as a Shareholder; and (ii) any close associate of such Shareholder referred to in (a)(ii); and</p> <p>(b) for the purpose of the Chen Tougang Acquisition, Shareholders other than (i) any Shareholder who has a material interest in the Chen Tougang Acquisition other than its interest as a Shareholder; and (ii) any close associate of such Shareholder referred to in (b)(i)</p>
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Rights”	all of rights, title, interest and benefit of GZYZ in and to the Loans
“Loans”	has the meaning given to it in the section headed “The Acquisitions – Subject matter of the Acquisitions”
“Luogang Acquisition”	means the acquisition in respect of the 51% Equity and Loan Interests in the Luogang Target Holding Company
“Luogang Option Deed”	the option deed entered into between GZYZ and the Company dated 28 May 2019 in relation to the Luogang Project
“Luogang Target Company”	廣州市品悅房地產開發有限公司(Guangzhou City Pinyue Property Development Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 51%, 40% and 9% by the Luogang Target Holding Company, Guangzhou Metro and Science City respectively as at the date of this announcement
“Luogang Target Holding Company”	廣州東越實業發展有限公司(Guangzhou Dongyue Industrial Development Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of GZYZ as at the date of this announcement, which in turn owns 51% of equity interest in the Luogang Target Company
“Luogang Transaction Documents”	collectively, the Luogang Equity Transfer Agreement and the Luogang Loan Assignment Agreements
“m²”	square meters
“New Metro Property Projects”	collectively, the Luogang Project and Chen Tougang Project
“Option Announcement”	means the announcement made by the Company dated 28 May 2019
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	廣州城建開發南沙房地產有限公司(Guangzhou City Construction & Development Group Nansha Co., Ltd.*), a company incorporated in the PRC with limited liability and which is indirectly owned as to approximately 95.48% by the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Science City”	科學城廣州投資集團有限公司(Science City (Guangzhou) Investment Group Limited*), a company incorporated in the PRC with limited liability
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Luogang Target Company and the Chen Tougang Target Company
“Target Group”	means the Target Holding Companies and Target Companies
“Target Holding Companies”	collectively, Luogang Target Holding Company and the Chen Tougang Target Holding Company and each a “ Target Holding Company ”
“Total Acquisition Amounts”	the aggregate amount payable by the Purchaser for the Acquisitions, and “Total Acquisition Amount” shall mean the aggregate amount payable by the Purchaser for the Luogang Acquisition or the Chen Tougang Acquisition (as the context requires)
“Total Contribution Approach”	has the meaning given to it in the section headed “Basis of determination of consideration for the Luogang Acquisition and the Chen Tougang Acquisition”
“Transaction Documents”	collectively, the Luogang Equity Transfer Agreement, the Luogang Loan Assignment Agreements, the Chen Tougang Equity Transfer Agreement and the Chen Tougang Loan Assignment Agreements, and each a “ Transaction Document ”
“YXE”	Yue Xiu Enterprises (Holdings) Limited, a company incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of GZYX
“YXP Option Deeds”	the Luogang Option Deed and the Chen Tougang Option Deed
“YXP Options”	the right granted to the Company by GZYX pursuant to the YXP Option Deeds

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

Hong Kong, 10 September 2019

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

Executive Directors: *LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan*

Non-Executive Director: *OUYANG Changcheng*

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