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*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 90% EQUITY INTEREST IN GUANGZHOU YUEJING PROPERTY DEVELOPMENT CO. LTD.\***

### **ACQUISITION OF 90% EQUITY INTEREST IN GUANGZHOU YUEJING PROPERTY DEVELOPMENT CO. LTD.\***

The Company is pleased to announce that on 31 May 2021, the Purchaser, which is a subsidiary of the Company, has entered into the Equity Transfer Agreement with the Seller, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 90% of the equity interest in the Target Company, which owns 100% equity interest of the Project Company, for the Equity Transfer Consideration of approximately RMB51 million. In addition, within 60 Business Days from the Completion, the Purchaser shall also provide the Repayment Amount of approximately RMB2.57 billion to the Project Company, which shall be used for the repayment of the Seller's Loan. The Purchaser shall ensure that the Project Company repays the Seller's Loan (using the Repayment Amount) together with interest (which shall be paid by the Project Company using its internal funds) on the same day that the Project Company receives the Repayment Amount. Upon Completion, the Purchaser will indirectly own 100% of the equity interest of the Target Company and the Project Company. Each of the Target Company and the Project Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of both the Target Company and the Project Company will be consolidated into the consolidated financial results of the Group.

The Total Consideration is approximately RMB2.621 billion, of which approximately RMB51 million represents the Equity Transfer Consideration and approximately RMB2.57 billion represents the Repayment Amount. The Equity Transfer Consideration was determined with reference to the market value of 100% equity interest in the Target Company as at 28 February 2021, which was approximately RMB59.1 million, as valued by the Independent Valuer by application of the summation method under cost approach. The Repayment Amount is the dollar-for-dollar value of the Seller's Loan. The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Acquisition exceeds 5% but is less than 25%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors had a material interest in the Acquisition, no Director has abstained from voting on the relevant board resolutions of the Company.

## **INTRODUCTION**

The Company is pleased to announce that on 31 May 2021, the Purchaser, which is a subsidiary of the Company, has entered into the Equity Transfer Agreement with the Seller, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 90% of the equity interest in the Target Company for the Equity Transfer Consideration of approximately RMB51 million. In addition, within 60 Business Days from the Completion, the Purchaser shall also provide the Repayment Amount in the amount of approximately RMB2.57 billion to the Project Company, which shall be used for the repayment of the Seller's Loan owing by the Project Company to the Seller.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

31 May 2021

### **Parties**

The Seller as seller and the Purchaser as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Seller and its ultimate beneficial owner(s) is an Independent Third Party.

### **Asset to be acquired**

Pursuant to the Equity Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 90% of the equity interest in the Target Company.

### **Consideration and payment terms**

The Equity Transfer Consideration of approximately RMB51 million shall be payable by the Purchaser to the Seller within 5 Business Days upon signing of the Equity Transfer Agreement.

In addition, within 60 Business Days from the Completion the Purchaser shall also provide a loan of approximately RMB2.57 billion to the Project Company (the "**Repayment Amount**"), which shall be used for the repayment of the loan ("**Seller's Loan**") owing by the Project Company to the Seller. The Purchaser shall ensure that the Project Company repays the Seller's Loan (using the Repayment Amount) together with interest (which shall be paid by the Project Company using its internal funds) on the same day that the Project Company receives the Repayment Amount.

## **Completion of the Equity Transfer**

The Purchaser and the Seller agreed to procure the Target Company to arrange for registration of the Equity Transfer and the amendment of the Articles of Association of the Target Company with its original registration authorities within 5 Business Days after the Equity Transfer Agreement becomes effective. Completion shall take place on the date on which the above business registration of change is completed (“**Completion**”).

Upon Completion, the Purchaser will indirectly own 100% of the equity interest of the Target Company and the Project Company. Each of the Target Company and the Project Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of both the Target Company and the Project Company will be consolidated into the consolidated financial results of the Group.

## **Compensation**

If the Equity Transfer Agreement is early terminated or rescinded due to the breach by the Seller, the Seller shall return the Equity Transfer Consideration to the Purchaser, and shall procure the Project Company to return the Repayment Amount to the Purchaser. In addition, the Seller shall pay the Purchaser an amount equivalent to 5% of the Total Consideration as compensation.

If the Purchaser fails to pay the Equity Transfer Consideration to the Seller or provide the Repayment Amount to the Project Company according to the Equity Transfer Agreement, for each day overdue, the Purchaser shall pay an interest at the rate of 0.0005% on the outstanding amount of the Total Consideration to the Seller.

## **Termination**

The Equity Transfer Agreement may be early terminated: (i) by either party upon a force majeure event; (ii) by the non-defaulting party if the other party loses the ability to perform the contract or the purpose of the Equity Transfer Agreement cannot be realised due to a serious breach by the defaulting party; or (iii) by mutual agreement of both parties.

## **BASIS OF DETERMINATION OF TOTAL CONSIDERATION**

The Total Consideration is approximately RMB2.621 billion, of which approximately RMB51 million represents the Equity Transfer Consideration and approximately RMB2.57 billion represents the Repayment Amount. The Equity Transfer Consideration was determined with reference to the market value of 100% equity interest in the Target Company as at 28 February 2021, which was approximately RMB59.1 million, as valued by the Independent Valuer by application of the summation method under cost approach (the “**Target Appraised NAV**”). The Repayment Amount is the dollar-for-dollar value of the Seller’s Loan.

As the sole asset held by the Target Company (other than cash and cash equivalents and receivables payable by the Project Company) is its 100% equity interest in the Project Company, the Independent Valuer determined the Target Appraised NAV (being approximately RMB59.1 million) after taking into account the appraised value of the 100% equity interest in the Project Company as at 28 February 2021 (being approximately RMB14.01 million) and the tax payables of the Target Company as at 28 February 2021 (which was the sole liability of the Target Company (being approximately RMB92,000)).

The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## INFORMATION OF THE TARGET COMPANY AND THE PROJECT COMPANY

The Target Company is owned as to 90% by the Seller and as to 10% by the Purchaser. It is principally engaged in real estate development and operation and real estate consulting services. The audited financial information of the Target Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2019 and 31 December 2020, respectively, is as follows:

	<b>For the financial year ended 31 December 2019</b> <i>RMB'000</i>	<b>For the financial year ended 31 December 2020</b> <i>RMB'000</i>
Revenue	0	0
Net profit (or loss) before taxation	51	91
Net profit (or loss) after taxation	38	68

The Project Company is principally engaged in real estate development. The Target Company wholly owns the Project Company which was established on 26 July 2019 solely for the purpose of developing the Shenzhen Heyuefu Project\* (深圳和樾府項目). The Project Company is the current legal owner of the land use rights of the land parcel on which the Shenzhen Heyuefu Project\* (深圳和樾府項目) is being constructed and which is located at Xixiang Residential District in Baoan District of Shenzhen. The audited financial information of the Project Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2019 and 31 December 2020, respectively, is as follows:

	<b>For the financial year ended 31 December 2019</b> <i>RMB'000</i>	<b>For the financial year ended 31 December 2020</b> <i>RMB'000</i>
Revenue	0	0
Net profit (or loss) before taxation	(1,510)	(81,003)
Net profit (or loss) after taxation	(1,510)	(60,752)

## INFORMATION OF THE PROJECT

As at the date of this announcement, the Project Company has already commenced the construction of the Shenzhen Heyuefu Project\* (深圳和樾府項目), upon completion of which will mainly become a residential property project, which will include 9 saleable residential buildings. It is expected that the Shenzhen Heyuefu Project\* (深圳和樾府項目) will be completed by the end of 2022.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Project Company has commenced the construction of Shenzhen Heyuefu Project\* (深圳和樾府項目), which comprise lands for residential use. The Shenzhen Heyuefu Project\* (深圳和樾府項目) is expected to be completed by the end of 2022.

The land of the Shenzhen Heyuefu Project\* (深圳和樾府項目) is situated at Xixiang Residential District in Baoan District of Shenzhen. Given the steady trend in Shenzhen real estate market, the Directors are optimistic about the prospect of the Shenzhen Heyuefu Project\* (深圳和樾府項目), of which the sales are expected to continue over the coming 12-24 months. Therefore the Directors believe that it is in the interest of the Group to increase its interest in the Project Company through the Acquisition. Upon the Completion, the Purchaser's indirect effective interest in the Project Company will increase from 10% to 100%. Accordingly, the financial results of both the Target Company and the Project Company will be consolidated into the consolidated financial results of the Group and they are expected to contribute to the Group's overall operating revenue.

Taking into account the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE COMPANY, THE SELLER AND THE PURCHASER**

### **The Company**

The Company 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.

### **The Seller**

The Seller is principally engaged in commercial services.

### **The Purchaser**

The Purchaser is principally engaged in real estate development.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Acquisition exceeds 5% but is less than 25%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors had a material interest in the Acquisition, no Director has abstained from voting on the relevant board resolutions of the Company.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	collectively, the Equity Transfer and the repayment of the Seller’s Loan in accordance with the terms of the Equity Transfer Agreement
“Business Day”	a day (other than a Saturday, Sunday or public holiday in the PRC)
“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)
“Completion”	has the meaning ascribed to it in the section headed “Completion of the Equity Transfer” of this announcement
“Directors”	the directors of the Company
“Equity Transfer”	the transfer of 90% of the equity interest in the Target Company by the Seller to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Seller and the Purchaser dated 31 May 2021 regarding the Equity Transfer
“Equity Transfer Consideration”	the consideration of RMB51 million for the Purchaser’s acquisition of 90% of the equity interest in the Target Company from the Seller
“Group”	the Company and its subsidiaries
“Guangzhou Yuexiu Jinrong”	廣州越秀金融控股集團有限公司(Guangzhou Yuexiu Jinrong Holdings Group Co., Ltd.*), a limited liability company incorporated in the PRC and which is a subsidiary of GZYX
“GZ Industrial Fund”	廣州國資產業發展股權投資基金合夥企業(有限合夥)(Guangzhou State Assets Industrial Equity Investment Fund Enterprise (Limited Partnership)*), a limited partnership investment fund established under the laws of the PRC and is owned directly as to approximately 91.59% by independent third parties and indirectly as to approximately 8.33% by Guangzhou Yuexiu Jinrong, in each case as limited partners; with its general partner being 廣州越秀產業投資基金管理股份有限公司(Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd*) which is a limited liability company incorporated in the PRC and a subsidiary of GZYX
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC 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 Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Land Use Rights”	the land use rights of “Shenzhen Baoan A122-0360 Residential Project”* (深圳寶安A122-0360住宅項目) located at Xixiang Residential District in Baoan District of Shenzhen
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“No. 3 Fund”	廣州越秀明睿三號實業投資合夥企業(有限合夥)(Guangzhou Ming Rui No. 3 Business Investment Enterprise (Limited Partnership)*), a limited partnership investment fund established under the laws of the PRC owned as to 0.55% by Yuexiu Zhonglian as a general partner and as to 99.45% by GZ Industrial Fund as a limited partner
“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”	深圳鵬躍房地產開發有限公司(Shenzhen Pengyue Real Estate Development Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Target Company
“Purchaser”	廣州城建開發南沙房地產有限公司(Guangzhou Construction & Development Nansha Property Co. Ltd.*), a limited liability company incorporated in the PRC and which is a 95.475% subsidiary of the Company
“Repayment Amount”	has the meaning as ascribed to it in the paragraph headed “EQUITY TRANSFER AGREEMENT – Consideration and payment terms” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	No. 3 Fund
“Seller’s Loan”	has the meaning as ascribed to it in the paragraph headed “EQUITY TRANSFER AGREEMENT – Consideration and payment terms” in this announcement
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Appraised NAV”	has the meaning as ascribed to it in the paragraph headed “BASIS OF DETERMINATION OF TOTAL CONSIDERATION” in this announcement
“Target Company”	廣州越璟房地產開發有限公司 (Guangzhou Yuejing Property Development Co. Ltd.*), a company incorporated in the PRC and is indirectly owned as to 90% by the Seller and as to 10% by the Purchaser. It owns 100% of the equity interest of the Project Company
“Total Consideration”	the aggregate consideration payable by the Purchaser for the Equity Transfer and the payment of the Repayment amount by the Project Company to the Seller for settlement of the Seller’s Loan in accordance with the terms of the Equity Transfer Agreement
“Yuexiu Zhonglian”	廣州越秀中聯股權投資基金管理有限公司 (Guangzhou Yuexiu United Equity Investment Fund Management Company Limited*), a limited liability company incorporated in the PRC and which is indirectly owned as to 45% by the Company and 55% by Independent Third Parties

\* For identification purpose only

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

Hong Kong, 31 May 2021

*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*