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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, solicitor, professional accountant or other professional adviser and should obtain independent professional advice. Capitalised terms used herein shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus, unless otherwise stated.

If you have sold or transferred all your shares in the Company and are not a Qualifying Shareholder or a Qualifying CDP Depositor, you should immediately hand this Prospectus and the accompanying application form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Singapore Exchange Securities Trading Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Neither the Securities and Futures Commission in Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of these documents.

The Company has a primary listing on the Stock Exchange and a secondary listing on the SGX-ST. Shareholders should take note that as the Stock Exchange is the principal exchange on which the shares of the Company are listed and the SGX-ST is the secondary stock exchange on which the shares of the Company are listed, the Company is not required to observe the continuing listing requirements as set out in the SGX-ST Listing Manual, provided that it undertakes to (i) release all information and documents in English to the SGX-ST and the shareholders in Singapore at the same time as such information is required to be released to the Stock Exchange and the shareholders in Hong Kong; (ii) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the Stock Exchange; and (iii) comply with such other listing rules as may be applied by the SGX-ST from time to time.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS or as applicable CDP and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

This Prospectus or any written materials issued in connection with the offer is not a prospectus as defined in the SFA. The offer of the Rights Shares is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA. This Prospectus and any other document or material in connection with the offer or sale of the Rights Shares may not be circulated or distributed, nor may the Rights Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than to a member of the Company pursuant to Section 273(1)(cd) of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC/SGX-ST, the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC/CDP for deposit, clearance and settlement in CCASS/CDP with effect from their respective commencement dates of dealings on the Stock Exchange or the SGX-ST or such other dates as determined by HKSCC/SGX-ST. Settlement of transactions between participants of the Stock Exchange or the SGX-ST on any trading day is required to take place in CCASS/CDP on the second and third trading day thereafter, respectively. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All activities under scripless settlement system are subject to the "Terms and conditions for operation of securities account with The Central Depository (Pte) Limited" in effect from time to time.

The securities described herein have not been and will not be registered under the US Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities law of the United States. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Neither this Prospectus nor any copy thereof may be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise to persons within the United States and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States.

The Rights Shares (both in nil-paid and fully-paid forms), the PAL(s), the EAF(s), the ARE(s) and the ARS(s) are being offered outside the United States in reliance on Regulation S under the US Securities Act. Each purchaser or subscriber of the Rights Shares (both in nil-paid and fully-paid forms), the PAL(s), the EAF(s), the ARE(s) or the ARS(s) being offered and sold outside the United States will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares (both in nil-paid and fully-paid forms), the PAL(s), the EAF(s), the ARE(s) or the ARS(s) in an offshore transaction meeting the requirements of Regulation S under the US Securities Act.



**越秀地產股份有限公司**  
**YUEXIU PROPERTY COMPANY LIMITED**  
*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 00123)

### **RIGHTS ISSUE OF 3,077,015,931 RIGHTS SHARES ON THE BASIS OF 33 RIGHTS SHARES FOR EVERY 100 SHARES HELD ON THE RECORD DATE**

**Joint Underwriters to the Rights Issue**



**BOC INTERNATIONAL**

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The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. (Hong Kong time) on Tuesday, 14 October 2014 (for Qualifying Shareholders) or 5:00 p.m. (Singapore time) on Wednesday, 8 October 2014 (for Qualifying CDP Depositors). The procedures for acceptance or transfer of the Rights Shares provisionally allotted to Qualifying Shareholders are set out in the section headed "PROCEDURES FOR ACCEPTANCE — For Qualifying Shareholders" in the Letter from the Board in this Prospectus. Qualifying CDP Depositors holding Shares through CDP should refer to the procedures set out in the section headed "PROCEDURES FOR ACCEPTANCE — For Qualifying CDP Depositors" in the Letter from the Board in this Prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate the obligations of the Joint Underwriters thereunder on the occurrence of certain events. These certain events are set out in the section headed "Termination of the Underwriting Agreement" in the Letter from the Board on pages 33 to 35 of this Prospectus. If the Underwriting Agreement is terminated by the Joint Underwriters or does not become unconditional, the Rights Issue will not proceed.

Shareholders and any other person should note that the Shares have been dealt in on an ex-rights basis commencing from Thursday, 18 September 2014 on the Stock Exchange and from Wednesday, 17 September 2014 on the SGX-ST and that dealings in the Rights Shares in their nil-paid form are expected to take place on the Stock Exchange from Tuesday, 30 September 2014 to Thursday, 9 October 2014 (both days inclusive) and the SGX-ST from Tuesday, 30 September 2014 to Wednesday, 1 October 2014 (both days inclusive). Shareholders should also note that dealing in Shares or the nil-paid Rights Shares will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any Shareholder or other person dealing in Shares or the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be 5:00 p.m. on Monday, 20 October 2014), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or the nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

26 September 2014

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## DEFINITIONS

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In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

“2014 Interim Dividend”	the proposed interim dividend of HK\$0.049 per Share for 2014 as announced by the Company in its “Announcement of 2014 Interim Results” dated 27 August 2014
“Announcement”	the announcement of the Company dated 3 September 2014 in relation to, among other things, the Rights Issue
“ARE(s)”	application form(s) for Rights Shares and excess Rights Shares issued to Qualifying CDP Depositors
“ARS(s)”	application form(s) for Rights Shares issued to Singapore Renounees
“Board”	the board of the Directors
“BOCI”	BOCI Asia Limited (中銀國際亞洲有限公司), a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Business Day”	any day (other than a Saturday or Sunday, or a day on which a tropical cyclone warning signal numbered 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are open for business and the Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDP”	The Central Depository (Pte) Limited, which operates the Central Depository System for the holding and transfer of book-entry securities traded on the SGX-ST
“CDP Depositors”	persons with Shares entered against their respective names on the CDP Register
“CDP Register”	the depository register of CDP Depositors maintained by CDP
“Central Depository System”	the Central Depository System for the holding and transfer of book-entry securities traded on the SGX-ST
“Committed Shares”	the 1,528,284,005 Rights Shares which Yue Xiu has irrevocably undertaken to take up, or to procure its Subsidiaries or nominees to take up, pursuant to the Rights Issue

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## DEFINITIONS

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“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Yuexiu Property Company Limited (越秀地產股份有限公司), a company incorporated in Hong Kong with limited liability, with a primary listing on the Main Board of the Stock Exchange and a secondary listing on the Main Board of the SGX-ST
“connected person”	has the meaning ascribed thereto in the Listing Rules
“DBS”	DBS Asia Capital Limited (星展亞洲融資有限公司), a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued to the Qualifying Shareholders whose Shares are traded on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Irrevocable Undertaking”	an irrevocable undertaking given by Yue Xiu in favour of the Company and the Joint Underwriters dated 3 September 2014
“Joint Underwriters”	DBS and BOCI
“Last Trading Date”	2 September 2014, being the last trading date of the Shares prior to the release of the Announcement
“Latest Acceptance Date”	the last date for acceptance of and payment for the Rights Shares and excess Rights Shares, which is currently expected to be Tuesday, 14 October 2014 for Shares traded on the Stock Exchange and Wednesday, 8 October 2014 for Shares traded on the SGX-ST, or such later date(s) as may be agreed in writing between the Company and the Joint Underwriters

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## DEFINITIONS

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“Latest Practicable Date”	Monday, 22 September 2014, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein
“latest time for acceptance”	(i) in the case of Rights Shares traded on the Stock Exchange, 4:00 p.m. on Tuesday, 14 October 2014; and (ii) in the case of Rights Shares traded on the SGX-ST, 5:00 p.m. (Singapore time) on Wednesday, 8 October 2014, or such later time(s) and date(s) as may be agreed in writing between the Company and the Joint Underwriters
“Latest Time for Termination”	5:00 p.m. on Monday, 20 October 2014, or such later time and date as may be agreed in writing between the Company and the Joint Underwriters, being the latest time and date on which the Joint Underwriters may terminate the Underwriting Agreement
“Listing”	means the grant of permission for the listing of the Rights Shares (both in nil-paid and fully-paid forms) and permission to deal in the Rights Shares (both in nil-paid and fully-paid forms) on the Main Board of the Stock Exchange and listing of the Rights Shares (both in nil-paid and fully-paid forms) on the SGX-ST
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Day”	a day on which the SGX-ST is open for trading in securities
“Non-Qualifying CDP Depositor(s)”	those CDP Depositor(s) whose addresses, as shown on the CDP Register as at the close of business on the Record Date, are outside Singapore whom the Board, based on legal opinions provided by the Company’s legal advisers, considers it necessary or expedient to exclude from the Rights Issue on account of either the legal restrictions under the respective laws of the jurisdiction of the addresses of such CDP Depositor(s) or the requirements of the relevant regulatory body or stock exchange in such places
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Board, based on legal opinions provided by the Company’s legal advisers, considers it necessary or expedient to exclude from the Rights Issue on account of either the legal restrictions under the respective laws of the jurisdiction of the addresses of such Overseas Shareholder(s) or the requirements of the relevant regulatory body or stock exchange in such places

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## DEFINITIONS

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“Overseas Shareholder(s)”	those Shareholder(s) whose addresses, as shown on the Register of Members at the close of business on the Record Date, are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Shares to be issued to the Qualifying Shareholders whose Shares are traded on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this Prospectus only and unless the context otherwise requires, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Date”	the date of issue of this Prospectus
“Prospectus Documents”	this Prospectus, the PAL(s), the EAF(s), the ARE(s) and the ARS(s)
“Qualifying CDP Depositors”	the CDP Depositors on the CDP Register as at the close of business on the Record Date who are not Non-Qualifying CDP Depositors
“Qualifying Shareholders”	the Shareholders on the Register of Members as at the close of business on the Record Date who are not Non-Qualifying Shareholders
“Record Date”	25 September 2014, being the record date to determine entitlements to the Rights Issue (or such other date as the Company and the Joint Underwriters may agree for determining entitlements to the Rights Shares)
“Register of Members”	the register of Shareholders of the Company in Hong Kong maintained by the Registrar
“Registrar”	Tricor Abacus Limited, the Company’s Hong Kong share registrar, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Regulation S”	Regulation S under the US Securities Act
“Rights Issue”	the proposed issue of the Rights Shares by way of rights to Qualifying Shareholders at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	new Shares to be allotted and issued under the Rights Issue in the proportion of 33 Rights Shares for every 100 existing Shares held at 5.00 p.m. on the Record Date (rounded down to the nearest one share)

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange in the PRC
“SFA”	the Securities and Futures Act, Chapter 289 of Singapore
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Singapore Renouncee(s)”	purchaser(s) of the rights to acquire Rights Shares, nil paid, through CDP’s book-entry (scripless) settlement system
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	direct and/or indirect wholly-owned subsidiaries
“Subscription Price”	the issue price of HK\$1.25 per Rights Share
“taken up/take up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs which have been lodged accompanied by cheques or other remittances for the full amount payable in respect thereof
“Time of Sale”	7:00 a.m. on the second Business Day following the Latest Acceptance Date for the Rights Shares traded on the Stock Exchange or such other time falling within the period commencing on the second Business Day following the Latest Acceptance Date for the Rights Shares traded on the Stock Exchange and ending on the third Business Day following the Latest Acceptance Date for the Rights Shares traded on the Stock Exchange, as is notified to the Company by the Joint Underwriters as the time of sale with respect to their endeavours to procure subscribers for the Underwritten Shares not taken up
“Underwriting Agreement”	the underwriting agreement dated 3 September 2014 entered into between the Company and the Joint Underwriters in relation to the Rights Issue

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## DEFINITIONS

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“Underwritten Shares”	such number of Rights Shares as is equal to the total number of Rights Shares less the aggregate number of the Rights Shares which Yue Xiu has irrevocably undertaken to take up, or procure its Subsidiaries or nominees to take up, pursuant to the Irrevocable Undertaking
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Securities Act”	the US Securities Act of 1933
“Yue Xiu”	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a company incorporated in Hong Kong, which is wholly-owned by 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*), a limited liability company incorporated in the PRC which in turn is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“%”	per cent.

\* *for identification purpose only*



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## NOTICE

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### **THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The Rights Issue is conditional upon the fulfilment of the conditions as described in the section headed “UNDERWRITING ARRANGEMENTS — Conditions of the Joint Underwriters’ Obligations” in the Letter from the Board in this Prospectus.

In the event the Joint Underwriters exercise the right to terminate the Underwriting Agreement upon the giving of written notice of termination prior to the Latest Time for Termination, all the obligations of the parties under the Underwriting Agreement shall cease and terminate immediately and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Shareholders and any other person should note that the Shares have been dealt in on an ex-rights basis commencing from Thursday, 18 September 2014 on the Stock Exchange and from Wednesday, 17 September 2014 on the SGX-ST and that dealings in Rights Shares in their nil-paid form are expected to take place on the Stock Exchange from Tuesday, 30 September 2014 to Thursday, 9 October 2014 (both days inclusive) and on the SGX-ST from Tuesday, 30 September 2014 to Wednesday, 1 October 2014 (both days inclusive). Shareholders should also note that dealing in Shares or the nil-paid Rights Shares will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any Shareholder or other person dealing in Shares or the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be 5:00 p.m. on Monday, 20 October 2014), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or the nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

**EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING EXTENDED TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN, ANY JURISDICTION OUTSIDE HONG KONG.** This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares (both in nil-paid and fully-paid forms) or to take up any entitlements to the Rights Shares (both in nil-paid and fully-paid forms) in any jurisdiction in which such an offer, invitation or solicitation is unlawful.

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## NOTICE

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The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Prospectus Documents will not be lodged with or registered as a prospectus in Singapore under the SFA. The offer of the Rights Shares is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA. The Prospectus Documents may not be circulated or distributed, nor may the Rights Shares be offered or sold, directly or indirectly, to any person in Singapore, other than to a Qualifying CDP Depositor or a Singapore Renouncee pursuant to Section 273(1)(cd) of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Accordingly, the Rights Shares (both in nil-paid and fully-paid forms) may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the section headed “THE RIGHTS ISSUE — Non-Qualifying Shareholders” in the Letter from the Board in this Prospectus.

### NOTICE TO OVERSEAS INVESTORS

Based on the legal advice of the Company’s legal advisers in relation to the laws of the relevant overseas restrictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions.

#### **Australia**

This Prospectus is not a disclosure document under the Corporations Act 2001 (Cth) (the “**Australian Corporations Act**”) and has not been and will not be lodged with the Australian Securities and Investments Commission (“**ASIC**”) as a disclosure document for the purposes of the Australian Corporations Act and does not purport to include the information required of a disclosure document under the Australian Corporations Act.

The offer of the nil-paid Rights Shares and/or the fully-paid Rights Shares under this Prospectus may only be made to persons to whom it is lawful to offer the nil-paid Rights Shares and/or the fully-paid Rights Shares without disclosure under Chapter 6D of the Australia Corporations Act and Part 7.9 of the Australian Corporations Act (including “sophisticated investors” or “professional investors” within the meaning of sections 708(8) and 708(111) of the Australian Corporations Act respectively) who are a “wholesale client” within the meaning of section 761G of the Australia Corporations Act (“**Eligible Investors**” and each an “**Eligible Investor**”), and where such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC.

The nil-paid Rights Shares and/or the fully-paid Rights Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the nil-paid Rights Shares and/or the fully-paid Rights Shares may be issued, and no draft or definitive offering

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## NOTICE

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circular, advertisement or other offering material relating to any of the nil-paid Rights Shares and/or the fully-paid Rights Shares may be distributed in Australia except where disclosure to investors is not required under the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the nil-paid Rights Shares and/or the fully-paid Rights Shares, you represent and warrant to the Company that you are an Eligible Investor and that you are not acquiring the nil-paid Rights Shares and/or the fully-paid Rights Shares for the purpose of selling or transferring those securities or granting, issuing or transferring interests in, or options over, them.

As any offer of the nil-paid Rights Shares and/or the fully-paid Rights Shares under this Prospectus will be made without disclosure in Australia under the Australian Corporations Act, the offer of the nil-paid Rights Shares and/or fully-paid Rights Shares for resale in Australia within 12 months may, under the Australian Corporations Act, require disclosure to investors under the Australian Corporations Act if none of the exemptions in the Australian Corporations Act apply to that resale. Accordingly, any person who acquires the nil-paid Rights Shares and/or the fully-paid Rights Shares pursuant to this Prospectus should not, within 12 months of acquisition of the nil-paid Rights Shares and/or the fully-paid Rights Shares, offer, transfer, assign or otherwise alienate those nil-paid Rights Shares and/or the fully-paid Rights Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or unless a compliant disclosure document is prepared and lodged with ASIC.

The Company is not licensed to provide financial product advice in relation to the nil-paid Rights Shares and/or the fully-paid Rights Shares. There is no cooling-off regime that applies in respect of your acquisition of the nil-paid Rights Shares and/or the fully-paid Rights Shares. This Prospectus is intended to provide general information only and has been prepared without taking into account any particular person's objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. Investors should review and consider the contents of this Prospectus and obtain financial advice specific to their situation before making any decision to make an application for the nil-paid Rights Shares and/or the fully-paid Rights Shares.

### **Canada**

The nil-paid Rights Shares and the fully-paid Rights Shares will not be distributed in Canada. Any resale of the nil-paid Rights Shares and/or the fully-paid Rights Shares in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory registration and prospectus exemptions, under a discretionary exemption granted by the applicable Canadian securities regulatory authority or in a transaction not subject to securities legislation in Canada. Shareholders are advised to seek legal advice prior to any resale of the nil-paid Rights Shares and/or the fully-paid Rights Shares.

### **Macau**

There are no legal restrictions prohibiting the offering of the Rights Issue in Macau, nor is any local legal or regulatory compliance required to be made in this jurisdiction.

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## NOTICE

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### **Malaysia**

No approval from the Securities Commission of Malaysia (“SC”) has been applied for or will be obtained for the making available, offer for subscription or purchase or invitation to subscribe for or purchase the nil-paid Rights Shares and/or the fully-paid Rights Shares pursuant to the Rights Issue under the Capital Markets and Services Act 2007 of Malaysia (“CMSA”) as the offering of the nil-paid Rights Shares and/or the fully-paid Rights Shares pursuant to the Rights Issue under this Prospectus is a proposal which does not require SC’s approval under Schedule 5 of the CMSA.

No prospectus or other offering material or document in connection with the Rights Issue has been or will be registered with the SC pursuant to the CMSA as the offering of the nil-paid Rights Shares and/or the fully-paid Rights Shares pursuant to the Rights Issue under this Prospectus is meant to qualify as an “excluded offer”, “excluded invitation” or “excluded issue” under Schedule 6 or Schedule 7 of the CMSA.

Nevertheless, pursuant to requirements under Section 229 or Section 230 of the CMSA, a copy of this Prospectus and any other document or material to be issued, circulated, distributed or disseminated in Malaysia in connection with the issue or offer for sale, or invitation for acquisition of the Rights Issue, will be deposited with the SC within seven (7) days of their first issuance, circulation, distribution or dissemination in Malaysia.

### **New Zealand**

The Rights Issue is being made only to existing shareholders of the Company. In New Zealand, the Rights Issue is being made under the Securities Act (Overseas Companies) Exemption Notice 2013. This Prospectus does not constitute an offer of securities to any person in New Zealand who is not an existing Shareholder.

No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any nil-paid Rights Shares and/or the fully-paid Rights Shares or distribute any documents (including this Prospectus) in relation to the nil-paid Rights Shares and/or the fully-paid Rights Shares to any person except in accordance with all of the legal requirements of the relevant jurisdiction in which the offer, sale (including resale), delivery or invitation will occur. Neither the Company, nor its directors, officers, employees, consultants, agents, partners or advisers, accepts any liability or responsibility to determine whether (in New Zealand or otherwise) a person is able to participate in the Rights Issue or otherwise offer, sell (including resell) or deliver any Shares.

### **PRC**

This Prospectus and the other Prospectus Documents have not been and are not intended to be filed with or approved by the China Securities Regulatory Commission or any other regulatory authority in the PRC. The Rights Shares (both in nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity. This Prospectus and the other Prospectus Documents or any other related document or materials may not

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## NOTICE

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be forwarded or distributed to any person residing in the PRC and may not be reproduced for forwarding, and may not be forwarded, to any address in the PRC. Failure to comply with this directive may result in a violation of the Securities Law of the People's Republic of China and other applicable laws of the PRC.

### **United Kingdom**

Neither the information in this Prospectus nor any other document relating to the Rights Issue has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the nil-paid Rights Shares and/or the fully-paid Rights Shares. This Prospectus is issued on a confidential basis to fewer than 150 persons (within the meaning of section 86(7) of FSMA) in the United Kingdom, and nil-paid Rights Shares and/or the fully-paid Rights Shares may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of nil-paid Rights Shares and/or the fully-paid Rights Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons to whom it may lawfully be made within the circumstances described in Article 43 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (members of certain bodies corporate) or persons to whom it may otherwise be lawfully communicated (together “**relevant persons**”). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

### **United States**

This Prospectus may not be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the United States, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States, save as provided below. These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Rights Shares in both nil-paid and fully-paid forms, the PAL(s), the EAF(s), the ARE(s) and the ARS(s) have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with applicable laws.

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## NOTICE

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There will be no public offer of these securities in the United States. The Rights Shares (both in nil-paid and fully-paid forms), the PAL(s), the EAF(s), the ARE(s) and the ARS(s) are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act. In addition, the Joint Underwriters may arrange for the offer of the Rights Shares not taken up in the Rights Issue only outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act. Each purchaser or subscriber of Rights Shares being offered and sold outside the United States will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares in an offshore transaction meeting the requirements of Regulation S under the US Securities Act.

In addition, until 40 days after the posting date of the Prospectus Documents, an offer, sale or transfer of the Rights Shares within the United States by a broker/dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

### **FORWARD-LOOKING STATEMENTS**

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “predict”, “confident”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Joint Underwriters, acting jointly, may by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if at any time prior to the Latest Time for Termination:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in the section headed “UNDERWRITING ARRANGEMENTS — Conditions of the Joint Underwriters’ Obligations” in the Letter from the Board in this Prospectus has become incapable of satisfaction as at the required time;
- (ii) the fact that any of the representations, warranties or undertakings given by the Company is untrue, inaccurate, misleading in any respect comes to the knowledge of the Joint Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement or a breach on the part of Yue Xiu of the Irrevocable Undertaking, or the Joint Underwriters have cause to believe that any such breach has occurred;
- (iii) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any of the dates or before any time on which the representations, warranties and undertakings are deemed to be given by the Company would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect;
- (iv) the Company’s application to the Main Board of the Stock Exchange for permission for the listing of the Rights Shares (nil paid and fully paid) and permission to deal in the Rights Shares (nil paid and fully paid) on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (v) the SGX-ST indicates that it will not grant permission for the listing of the Rights Shares (nil paid and fully paid) on the SGX-ST;
- (vi) any condition to enable the nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS and the Central Depository System is not satisfied or notification is received by the Company from HKSCC or CDP that such admission or facility for holding and settlement has been or is to be refused; or
- (vii) (a) any statement contained in the Announcement or any of the Prospectus Documents has become or been discovered to be untrue, inaccurate, incomplete or misleading in any respect;
- (b) any matter arises or is discovered which would, if the announcement or any of the Prospectus Documents was to be issued at the time, constitute an omission therefrom;
- (c) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement;



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (d) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group;
- (e) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable): (aa) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (bb) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange, the SGX-ST and/or any other stock exchange on which the Company's securities are traded for more than two Business Days (other than pending publication of announcing the Rights Issue or any other announcement relating to the Rights Issue); (cc) a general moratorium on commercial banking activities in the United States, Hong Kong, Macau and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Macau or the United Kingdom; or (dd) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof;
- (f) there shall have occurred any event or series of events (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, calamity, crisis, strike, lock-out, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic); or
- (g) the Company is required to publish a supplementary prospectus in accordance with Rule 11.13 of the Listing Rules or otherwise,

which, in the sole opinion of the Joint Underwriters:

- (i) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Group or to any present or prospective Shareholder in its capacity as such;
- (ii) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or
- (iii) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Prospectus Documents.

**In the event the Joint Underwriters exercise the right to terminate the Underwriting Agreement upon the giving of written notice of termination prior to the Latest Time for Termination, all the obligations of the parties under the Underwriting Agreement shall cease and terminate immediately and no party shall have any claim against any other party in respect of**



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealings in the Shares or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Shareholders and any other person should note that the Shares have been dealt in on an ex-rights basis commencing from Thursday, 18 September 2014 on the Stock Exchange and from Wednesday, 17 September 2014 on the SGX-ST and that dealing in Rights Shares in their nil-paid form are expected to take place on the Stock Exchange from Tuesday, 30 September 2014 to Thursday, 9 October 2014 (both days inclusive) and on the SGX-ST from Tuesday, 30 September 2014 to Wednesday, 1 October 2014 (both days inclusive). Shareholders should also note that dealing in Shares or the nil-paid Rights Shares will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any Shareholder or other person dealing in Shares or the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be 5:00 p.m. on Monday, 20 October 2014), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or the nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

Number of Rights Shares to be issued	:	3,077,015,931 Rights Shares
Amount to be raised by the Rights Issue before expenses	:	Approximately HK\$3,846.3 million
Subscription Price	:	HK\$1.25 per Rights Share payable in full upon acceptance
Latest time for acceptance	:	(i) In the case of Rights Shares traded on the Stock Exchange, 4:00 p.m. on Tuesday, 14 October 2014; and (ii) in the case of Rights Shares traded on the SGX-ST, 5:00 p.m. (Singapore time) on Wednesday, 8 October 2014
Basis of the Rights Issue	:	33 Rights Shares for every 100 existing Shares held on the Record Date. No Rights Shares will be offered to the Non-Qualifying Shareholders, and no fractional entitlements will be provisionally allotted or issued under the Rights Issue
Excess applications	:	Qualifying Shareholders may apply, by way of excess applications, for any unsold entitlements of the Non-Qualifying Shareholders, any unsold fractional entitlements of Rights Shares, and any Rights Shares provisionally allotted but not accepted or otherwise subscribed for by transferees or purchasers of nil-paid Rights Shares
Status of the Rights Shares	:	The Rights Shares (when allotted, fully paid and issued) will rank <i>pari passu</i> in all respects with the Shares then in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares. For the avoidance of doubt, the fully-paid Rights Shares will not entitle the holders thereof to the 2014 Interim Dividend
Number of Rights Shares undertaken to be subscribed by Yue Xiu	:	Pursuant to the Irrevocable Undertaking, Yue Xiu has irrevocably undertaken that it will, or will procure that its Subsidiaries or nominees (including the CCASS participant(s) holding Shares on its/their behalf), as the case may be, will, take up in full, at the Subscription Price, its/their entitlement(s) to the Committed Shares, being an aggregate of 1,528,284,005 Rights Shares

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## SUMMARY OF THE RIGHTS ISSUE

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- Non-Qualifying Shareholders : No Rights Shares will be offered and no provisional allotment will be made to the Non-Qualifying Shareholders. Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the last date for dealings in nil-paid Rights Shares on the Stock Exchange, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of more than HK\$100 will be paid by the Company to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company at 5:00 p.m. on the Record Date in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company
- Joint Underwriters : DBS Asia Capital Limited and BOCI Asia Limited

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## EXPECTED TIMETABLE

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2014

First day for dealings in nil-paid Rights Shares on the Stock Exchange and the SGX-ST .....	Tuesday, 30 September
Last day for dealings in nil-paid Rights Shares on the SGX-ST .....	Wednesday, 1 October
Latest time for splitting of nil-paid Rights Shares traded on the Stock Exchange .....	4:30 p.m. on Monday, 6 October
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares traded on the SGX-ST .....	5:00 p.m. on Wednesday, 8 October (Singapore time)
Last day for dealings in nil-paid Rights Shares on the Stock Exchange.....	Thursday, 9 October
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares traded on the Stock Exchange .....	4:00 p.m. on Tuesday, 14 October
Latest time for the termination of the Underwriting Agreement, and expected time for the Rights Issue to become unconditional .....	5:00 p.m. on Monday, 20 October
Announcement of results of the Rights Issue.....	Tuesday, 21 October
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Shares traded on the Stock Exchange .....	Tuesday, 21 October
Despatch of certificates for the Rights Shares on or about .....	Wednesday, 22 October
Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares traded on the Stock Exchange to be posted on or about .....	Wednesday, 22 October
Commencement of dealings in fully-paid Rights Shares on the Stock Exchange.....	Thursday, 23 October

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## EXPECTED TIMETABLE

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Commencement of dealings in fully-paid Rights Shares  
on the SGX-ST . . . . . Monday, 27 October

Despatch of refund cheques in respect of wholly or partially  
unsuccessful applications for excess Rights Shares traded  
on the SGX-ST to be posted on or about . . . . . Monday, 27 October

Designated broker ceases to stand in the market to  
provide matching services for the sale and  
purchase of odd lots of Shares traded on the Stock Exchange . . . . . Friday, 21 November

*Notes:*

1. Unless otherwise specified, all times and dates refer to Hong Kong local time.
2. Please note that the above expected timetable is subject to change. If there are changes to the above expected timetable, the Company will publish an announcement as soon as practicable.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for Rights Shares and the excess Rights Shares traded on the Stock Exchange will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date for the Rights Shares traded on the Stock Exchange. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date for the Rights Shares traded on the Stock Exchange. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date for the Rights Shares traded on the Stock Exchange, the dates mentioned in the “EXPECTED TIMETABLE” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

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LETTER FROM THE BOARD

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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00123)**

*Executive Directors:*

Mr. ZHANG Zhaoxing (*Chairman*)

Mr. ZHU Chunxiu

Mr. TANG Shouchun

Mr. CHEN Zhihong

Mr. LI Feng

Mr. OU Junming

*Registered office:*

26th Floor, Yue Xiu Building

160 Lockhart Road

Wanchai

Hong Kong

*Independent Non-executive Directors:*

Mr. YU Lup Fat Joseph

Mr. LEE Ka Lun

Mr. LAU Hon Chuen Ambrose

26 September 2014

*To the Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF 3,077,015,931 RIGHTS SHARES  
ON THE BASIS OF 33 RIGHTS SHARES  
FOR EVERY 100 SHARES HELD ON THE RECORD DATE**

**A. INTRODUCTION**

On 3 September 2014, the Board announced that, among other things, the Company proposed a fund raising exercise by way of the Rights Issue of new Shares on the basis of 33 Rights Shares for every 100 existing Shares held on the Record Date, at a price of HK\$1.25 per Rights Share. As at the Record Date, the Company has 9,324,290,700 Shares in issue. Accordingly, 3,077,015,931 Rights Shares will be allotted and issued under the Rights Issue. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The purpose of this Prospectus is to set out, among other things, further information regarding the Rights Issue, including information on dealings in and application for Rights Shares, and financial information and other information of the Group.

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## LETTER FROM THE BOARD

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### B. THE RIGHTS ISSUE

#### 1. Basis of the Rights Issue

Basis of the Rights Issue	:	33 Rights Shares for every 100 existing Shares held on the Record Date. No Rights Shares will be offered to the Non-Qualifying Shareholders, and no fractional entitlements will be provisionally allotted or issued under the Rights Issue
Subscription Price	:	HK\$1.25 per Rights Share payable in full upon acceptance
Number of Shares in issue as at the Record Date	:	9,324,290,700 Shares
Number of Rights Shares	:	3,077,015,931 Rights Shares
Number of Rights Shares undertaken to be subscribed by Yue Xiu	:	Pursuant to the Irrevocable Undertaking, Yue Xiu has irrevocably undertaken that it will, or will procure that its Subsidiaries or nominees (including the CCASS participant(s) holding Shares on its/their behalf), as the case may be, will, take up in full, at the Subscription Price, its/their entitlement(s) to the Committed Shares, being an aggregate of 1,528,284,005 Rights Shares
Latest time for acceptance	:	(i) In the case of Rights Shares traded on the Stock Exchange, 4:00 p.m. on Tuesday, 14 October 2014; and (ii) in the case of Rights Shares traded on SGX-ST, 5:00 p.m. (Singapore time) on Wednesday, 8 October 2014
Amount to be raised by the Rights Issue before expenses	:	Approximately HK\$3,846.3 million
Joint Underwriters	:	DBS Asia Capital Limited and BOCI Asia Limited

Assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the Record Date, the 3,077,015,931 Rights Shares represent approximately 33.00% of the Company's total number of Shares in issue as at the date of this Prospectus and will represent approximately 24.81% of the Company's total number of Shares in issue immediately upon completion of the Rights Issue.

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants or conversion rights or other similar rights which were convertible or exchangeable into Shares.

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## LETTER FROM THE BOARD

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### 2. Subscription Price

The Subscription Price (i.e., HK\$1.25 per Rights Share) is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 25.15% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 25.15% to the average of the closing prices of approximately HK\$1.67 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 26.47% to the average of the closing prices of approximately HK\$1.70 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date;
- (iv) a discount of approximately 20.38% to the theoretical ex-rights price of approximately HK\$1.57 per Share based on the closing price of HK\$1.67 as quoted on the Stock Exchange on the Last Trading Date;
- (v) a discount of approximately 15.54% to the closing price of HK\$1.48 as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 63.98% to the unaudited consolidated net asset value of HK\$3.47 per Share as at 30 June 2014, being the date as of which the latest unaudited consolidated financial information of the Group was made up.

Each Rights Share has no par value.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Joint Underwriters after taking into account, among other things, the recent price performance of the Shares prior to the release of the Announcement.

The Board considers the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### 3. Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must, as at 5:00 p.m. on the Record Date:

- (i) be registered as a member of the Company on the Register of Members; and
- (ii) not be a Non-Qualifying Shareholder.

In order to qualify for the Rights Issue, all transfers of Shares must be lodged with:

- (i) the Registrar, Tricor Abacus Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Friday, 19 September 2014 (Hong Kong time) (in the case of Qualifying Shareholders); or
- (ii) Yuexiu Property Company Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive #01-19/20, The Metropolis, Singapore 138588, by no later than 5:00 p.m. on Friday, 19 September 2014 (Singapore time) (in the case of Qualifying CDP Depositors).

Qualifying CDP Depositors should each receive the Prospectus, together with the ARE or the ARS.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### 4. Non-Qualifying Shareholders

If, at 5:00 p.m. on the Record Date, a Shareholder's registered address on the Register of Members is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Rights Issue as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Record Date, the Company had (i) Overseas Shareholders in Australia, Canada, Macau, New Zealand, the PRC, the United Kingdom and the United States with an aggregate shareholding of less than 0.0024% of the Company's total number of Shares in issue and (ii) CDP Depositors in Malaysia and Singapore with an aggregate shareholding of less than 0.0235% of the Company's total number of Shares in issue. Pursuant to Rule 13.36(2) of the Listing Rules, the Board has made enquiries as to the applicable securities legislation of the relevant overseas jurisdictions and the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders. Having considered

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## LETTER FROM THE BOARD

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the circumstances, the Directors have formed the view that it is necessary or expedient not to offer the Rights Shares (both in nil-paid and fully-paid forms) to Overseas Shareholders with a registered address in Canada, the PRC and the United States due to the time and costs involved in complying with the relevant legal and regulatory requirements.

The Company will not send any Prospectus Documents to the Non-Qualifying Shareholders or Non-Qualifying CDP Depositors. In addition, no person receiving a PAL, an EAF, an ARE or an ARS in any territory or jurisdiction may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof.

It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Prospectus Documents will not be lodged with or registered as a prospectus in Singapore under the SFA. The Rights Issue and the offer of the Rights Shares in Singapore are made in reliance on the offering exemption under Section 273(1)(cd) of the SFA. The Prospectus Documents may not be circulated or distributed, nor may the Rights Shares be offered or sold, directly or indirectly, to any person in Singapore, other than to a Qualifying CDP Depositor or a Singapore Renouncee pursuant to Section 273(1)(cd) of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the last date for dealings in nil-paid Rights Shares on the Stock Exchange, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of more than HK\$100 will be paid by the Company to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company as at 5:00 p.m. on the Record Date in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess applications on EAFs by the Qualifying Shareholders and/or AREs by the Qualifying CDP Depositors. It is expected that cheques for such proceeds of sale, if any, will be despatched to Non-Qualifying Shareholders entitled thereto by ordinary post at their own risk on or about Wednesday, 22 October 2014.

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## LETTER FROM THE BOARD

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Non-Qualifying CDP Depositors will receive such proceeds made in Hong Kong dollars in the form of a banker's draft drawn on a bank in Hong Kong, which will be despatched on or about Monday, 27 October 2014 to the mailing addresses of the Non-Qualifying CDP Depositors by ordinary post, at the risk of such Non-Qualifying CDP Depositors.

The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up the Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.

### **5. Basis of provisional allotment**

The basis of provisional allotment is 33 Rights Shares (in nil-paid form) for every 100 existing Shares held by the Qualifying Shareholders as at 5:00 p.m. on the Record Date. Application for all or any part of a Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for.

### **6. Status of the Rights Shares**

The Rights Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares then in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares. For the avoidance of doubt, the fully-paid Rights Shares will not entitle the holders thereof to the 2014 Interim Dividend.

### **7. Fractions of Rights Shares**

The Company will not provisionally allot and will not accept applications for any fraction of the Rights Shares. All fractions of the Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to BOCI Securities Limited, and will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses) can be obtained. Any unsold Rights Shares arising from such aggregation will be made available for excess application by the Qualifying Shareholders and the Qualifying CDP Depositors.

### **8. Certificates of the Rights Shares and Refund Cheques**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or about Wednesday, 22 October 2014 to those Qualifying Shareholders who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

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## LETTER FROM THE BOARD

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Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares traded on the Stock Exchange (if any) are expected to be sent by ordinary post on or about Wednesday, 22 October 2014 to the Qualifying Shareholders at their own risk.

In the case of Qualifying CDP Depositors with valid acceptances and/or successful applications for excess Rights Shares, CDP will send a notification letter to the relevant Qualifying CDP Depositors stating the number of Rights Shares credited to their securities accounts with CDP.

Refunds of wholly or partially unsuccessful applications for excess Rights Shares traded on the SGX-ST (if any) will be made in Hong Kong dollars in the form of a banker's draft drawn on a bank in Hong Kong and will be despatched on or about Monday, 27 October 2014 to the mailing addresses of the Qualifying CDP Depositors by ordinary post at the risk of such Qualifying CDP Depositors.

### **9. Application for excess Rights Shares**

Qualifying Shareholders and Qualifying CDP Depositors may apply, by way of excess applications, for any unsold entitlements of the Non-Qualifying Shareholders, any unsold fractional entitlements of Rights Shares, and any Rights Shares provisionally allotted but not accepted or otherwise subscribed for by transferees or purchasers of nil-paid Rights Shares. The procedures for applying for excess Rights Shares by Qualifying Shareholders are set out in the section headed "APPLICATIONS FOR EXCESS RIGHTS SHARES — For Qualifying Shareholders" in this Letter from the Board. The procedures for applying for excess Rights Shares by Qualifying CDP Depositors are set out in the section headed "APPLICATIONS FOR EXCESS RIGHTS SHARES — For Qualifying CDP Depositors" in this Letter from the Board.

### **10. Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. As the Company is primarily listed on the Stock Exchange with a secondary listing on the SGX-ST, the Company is required under the SGX-ST Listing Manual to inform the SGX-ST of the proposed Rights Issue and the decision of the Stock Exchange. If the approval of the Stock Exchange has been obtained, it is expected that the SGX-ST will list the Rights Shares, in both their nil-paid and fully paid forms on Monday, 27 October 2014.

Dealings in the Rights Shares will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fee, SFC transaction levy and their applicable fees and cheques. Both nil-paid Rights Shares and fully-paid Rights Shares will be traded on the Stock Exchange and the SGX-ST in board lots of 2,000 Shares.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between

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participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Subject to compliance with the stock admission requirements of the SGX-ST, the Rights Shares, in both their nil-paid and fully-paid forms will be accepted as eligible securities by CDP for deposit, clearance and settlement in CDP with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the SGX-ST or such other date as determined by SGX-ST. In accordance with the bye-laws of the SGX-ST relating to settlement of dealings on the SGX-ST, it is mandatory for dealings on the SGX-ST to be effected through CDP on a scripless basis. The settlement will take place on the third Market Day following the date of transaction (“**Due Date**”) or in the event that the Due Date falls on a public holiday in Singapore, the settlement will take place on the next Market Day immediately after the Due Date. Hence, Shareholders who wish to effect any transfers of their Shares on the SGX-ST should process their requests at least 3 Market Days in advance if they wish the transfer to take place by the Due Date. All dealings in and transactions (including transfers) of the Rights Shares, in both their nil-paid and fully-paid forms executed on the SGX-ST will be cleared and settled under the electronic book-entry clearance and settlement system of CDP, and effected in accordance with the “Terms and conditions for operation of securities account with The Central Depository (Pte) Limited” and the “Terms and conditions for CDP to act as depository for the rights shares”, as the same may be amended from time to time. Copies of these are available from CDP.

**Investors should be aware that nil-paid Rights Shares traded on the SGX-ST may not be traded in, and would not be transferable to, Hong Kong, and vice versa.**

### **11. Irrevocable Undertaking**

Pursuant to the Irrevocable Undertaking, Yue Xiu has provided an irrevocable undertaking to the Company and the Joint Underwriters that, among other things:

- (i) it will, or will procure that its Subsidiaries or nominees (including the CCASS participant(s) holding Shares on its/their behalf), as the case may be, will:
  - a. take up in full, at the Subscription Price, its/their entitlement(s) to the Committed Shares;
  - b. by not later than 9:30 a.m. on the fifth Business Day after the Rights Issue is open for acceptance, deliver the PAL(s) in respect of the Committed Shares to the Company or the Registrar (without the same having been split or renounced) accompanied by the remittance for the full amount payable for the Committed Shares in accordance with the terms of the Rights Issue; and
  - c. if any additional Rights Shares are provisionally allotted to Yue Xiu (or its Subsidiaries) pursuant to the terms of the Rights Issue in respect of any further Shares

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acquired by Yue Xiu (or its Subsidiaries) on or before the Record Date in excess of the aggregate of the Committed Shares, take up in full at the Subscription Price its/their entitlement to those additional Rights Shares by, by not later than 9:30 a.m. on the fifth Business Day after the Rights Issue is open for acceptance, delivering the PAL(s) in respect of those additional Rights Shares to the Company or the Registrar (without the same having been split or renounced) accompanied by the remittance for the full amount payable for those additional Rights Shares in accordance with the terms of the Rights Issue; and

- (ii) it will not, and will procure that its Subsidiaries will not:
  - a. subscribe or apply for any Rights Shares by way of excess application; or
  - b. acquire any further Shares on or before completion of the Rights Issue if such acquisition would trigger an obligation to make a mandatory general offer under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers.

### **12. Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof.

### **C. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company and its Subsidiaries are principally engaged in development, selling and management of properties and holding of investment properties. The Group's operations are primarily conducted in the PRC and Hong Kong.

#### **Provide greater financial flexibility to fund future expansion needs**

As mentioned in the announcement of 2014 Interim Results dated 27 August 2014, the Company managed to deliver strong and stable results over a period of time when the domestic property market has experienced a slowdown, which is a healthy adjustment to an overheated market that started several years ago. Since the Company stepped into the second half of 2014, it is evident that some signs of stabilization are beginning to take place, setting the stage for a gradual recovery of the PRC property market. Starting from the beginning of July 2014, some local governments have implemented measures to relax home purchasing restrictions and have steered the property market back to a "market-oriented" model, helping to stabilize the domestic real estate industry. Furthermore, in view of the PRC achieving its targeted GDP growth of 7.4%, the trend of modernisation and urbanization in key cities and provinces in the PRC, the Group's management has a strong positive view on the PRC property market in the medium and long term.

The purpose of this financing is following the strategic orientation of "return to Tier 1 and Tier 2" and under the strategic deployment of the Company's "Home Base in Guangzhou and Strategic Expansion Nationwide", which enable the Company to seize investment opportunities that it expects



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may arise in the second half of 2014 or early 2015, particularly those investment opportunities arising in Guangzhou and the Pearl River Delta region where the Company's strength lies. Armed with the strengthened capital base, the Company intends to capture and closely monitor market opportunities to supplement its landbank through onshore and/or offshore acquisitions or mergers and acquisitions for refilling its landbank and realizing scale expansion, ensuring that the Company can strike a balance between maintaining its investment grade ratings by the rating agencies and long term sustainable development thereby creating greater returns for its Shareholders. The Company is exploring potential investment opportunities. However, as of the Latest Practicable Date, the Company had not reached any binding agreements in relation to such investment opportunities.

The Directors believe that it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity capital through a Rights Issue to finance its future expansion plans. Unlike borrowings or issuance of debt securities, the Directors consider that the Rights Issue would be a preferred means for the Company to raise long-term funds without subjecting itself to interest burden or additional debt. The Rights Issue will enable all Shareholders to participate in and benefit from the future development of the Company. Given the current macroeconomic environment and the developing trends of recovery of the property markets, the Directors are confident that such opportunities will be available in the market in the near future. The net proceeds of the Rights Issue shall be applied to strengthen the Company's capital base and provide greater financial flexibility for the Company to fund its future expansion needs, including, but not limited to the expansion/replenishment of its land reserves to facilitate the enhancement of Shareholders' value, which is in-line with the Company's overall business strategy.

The Company's parent company, Yue Xiu, which has strong financial strength, has given its full support on the Company's future development prospects by entering into an irrevocable undertaking to take up, or to procure its Subsidiaries to take up all its/their entitlements under the Rights Issue at a total consideration of approximately HK\$1.91 billion.

### **Further strengthen the Group's healthy financial position**

During the first six months in 2014, under the tightening of liquidity in the macroeconomic environment, the Group actively implemented loan arrangements to rationalize resource allocation and proactively optimized the debt structure, which helped the balance sheet remain liquid and healthy. In the first half of 2014, the funding amount of RMB8.6 billion was realized. As of 30 June 2014, the ratio between onshore and offshore borrowings of the Group was 45%:55%. By a mix of funding channels, the average funding cost in the first half year was 5.2%, a decrease of 0.4 percentage points compared with 5.6% for the year 2013. As of 30 June 2014, the net gearing ratio of the Group was 62.7%, increased by 1.1 percentage points compared with the end of 2013, which has still at a healthy level. Moody's and Fitch maintained the Group's investment grade rating of "Baa3/stable" and "BBB-/stable" respectively. The Group's current ratio (current assets over current liabilities) was 2.2 times. Cash and cash equivalents amounted to approximately RMB7,612 million. Charged bank deposits amounted to approximately RMB2,141 million. Undrawn committed bank facilities amounted to approximately RMB5,725 million. Overall, the Group's financial position was healthy and solid. The net proceeds raised from the Rights Issue is expected to further improve the Company's net gearing ratio, cash position and availability of working capital, which will further solidify the Company's already healthy financial position, setting stage for its future expansion.

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The expenses in relation to the Rights Issue (including financial, legal advisory and other professional expenses) are estimated to be approximately HK\$60 million and will be borne by the Company. The estimated net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$1.23.

It is currently intended that more than 90% of the net proceeds of the Rights Issue will be applied to strengthen the Company's capital base and provide greater financial flexibility for the Company to fund its future expansion needs, and the remainder of the net proceeds from the Rights Issue will be used for the Company's general working capital. Any net proceeds that are not used to fund the Group's future expansion needs will also be used for the Company's general working capital.

### D. UNDERWRITING ARRANGEMENTS

#### 1. Underwriting Agreement dated 3 September 2014

Joint Underwriters	:	DBS Asia Capital Limited BOCI Asia Limited
Number of Rights Shares being underwritten by the Joint Underwriters	:	Pursuant to the Underwriting Agreement, the Joint Underwriters have conditionally agreed to fully underwrite the Underwritten Shares
Commission	:	(i) An underwriting commission of 2.0% of the aggregate Subscription Price of the Underwritten Shares; and (ii) at the sole discretion of the Company, a discretionary incentive of 0.25% of the aggregate Subscription Price of the Underwritten Shares

Save as disclosed in the section headed "DISCLOSURE OF INTERESTS — Substantial Shareholders" in Appendix III of this Prospectus, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Joint Underwriters and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The Directors consider that the Underwriting Agreement is (i) on normal commercial terms; and (ii) fair and reasonable so far as the Shareholders are concerned.

#### 2. Conditions of the Joint Underwriters' Obligations

The obligations of the Joint Underwriters under the Underwriting Agreement are conditional upon:

- (i) Listing (subject only to allotment and despatch of the appropriate documents of title) occurring by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively), and such permission not being withdrawn or amended prior to the Latest Time for Termination;



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## LETTER FROM THE BOARD

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- (ii) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Hong Kong Companies Registry under section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Business Day prior to the Prospectus Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing) and, following registration of the Prospectus as referred to in paragraph (iii), a copy of the Prospectus having been submitted to the Stock Exchange for publication on its website not later than the Prospectus Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);
- (iii) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Business Day prior to the Prospectus Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing), and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Business Day prior to the Prospectus Date (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);
- (iv) each condition to enable the nil-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS and the Central Depository System having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively) and no notification having been received by the Company from HKSCC, SGX-ST or CDP by such time that such admission or facility for holding and settlement has been or is to be refused;
- (v) the representations, warranties or undertakings of the Company referred to in the Underwriting Agreement being true and accurate and not misleading in any respect on and as of the date of the Underwriting Agreement and at any time before the Latest Time for Termination, as though they had been given and made at such time by reference to the facts and circumstances then subsisting;
- (vi) compliance by the Company with the following obligations under the Underwriting Agreement:
  - (a) to publish the Announcement in accordance with the timing set out in the Underwriting Agreement;
  - (b) to provisionally allot the Rights Shares in accordance with the timing set out in the Underwriting Agreement in accordance with the timing set out in the Underwriting Agreement;
  - (c) to despatch the Prospectus Documents (other than the AREs and the ARSs) to the Qualifying Shareholders in accordance with the timing set out in the Underwriting Agreement;
  - (d) to deliver to the Joint Underwriters certain required documents set out in the Underwriting Agreement in accordance with the timing set out therein;

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## LETTER FROM THE BOARD

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- (e) to deliver to the Joint Underwriters at the Time of Sale a certificate duly signed by an authorised representative of the Board, dated as of the date on which the Time of Sale occurs; and
- (f) all of its other obligations under the Underwriting Agreement in all material respects;
- (vii) compliance by Yue Xiu with its obligations under the Irrevocable Undertaking; and
- (viii) clearance of the timetable for the Rights Issue by the Stock Exchange and the SGX-ST.

The Joint Underwriters may at any time in writing waive any of the above conditions (except paragraphs (i), (ii), (iii) and (iv)) or extend the time or date for fulfilment of any of the conditions (in which case a reference in the Underwriting Agreement to the satisfaction of such condition shall be to its fulfilment by the time or date as so extended) and such waiver or extension may be made subject to such terms and conditions as are determined by the Joint Underwriters.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement has not become unconditional in accordance with its terms, the Rights Issue will not proceed.

As at the Latest Practicable Date, save for condition precedent (vi(a)) above, none of the above conditions has been fulfilled.

### **3. Lock-up**

The Company undertakes to the Joint Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days after 23 October 2014, or such other date that the Rights Shares are listed on the Stock Exchange and dealing in the fully paid Rights Shares on the Stock Exchange begins, the Company shall not (except for the Rights Shares):

- (i) undertake any consolidation or subdivision of its share capital, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i); or
- (iii) announce any intention to enter into or effect any such transaction described in paragraphs (ii) or (iii),

unless with the prior written consent of the Joint Underwriters; provided that the above restrictions shall not cease to apply if the Underwriting Agreement (i) does not become unconditional and is terminated; or (ii) is terminated by the Joint Underwriters pursuant to the termination events set out in the section headed “UNDERWRITING ARRANGEMENTS — Termination of the Underwriting Agreement” in this Letter from the Board.

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## LETTER FROM THE BOARD

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### 4. Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Joint Underwriters, by notice in writing to the Company, the right to terminate the Underwriting Agreement on the occurrence of certain events.

The Joint Underwriters, acting jointly, may by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if at any time prior to the Latest Time for Termination:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in the section headed “UNDERWRITING ARRANGEMENTS — Conditions of the Joint Underwriters’ Obligations” in this Letter from the Board has become incapable of satisfaction as at the required time;
- (ii) the fact that any of the representations, warranties or undertakings given by the Company is untrue, inaccurate, misleading in any respect comes to the knowledge of the Joint Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement or a breach on the part of Yue Xiu of the Irrevocable Undertaking, or the Joint Underwriters have cause to believe that any such breach has occurred;
- (iii) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any of the dates or before any time on which the representations, warranties and undertakings are deemed to be given by the Company would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect;
- (iv) the Company’s application to the Main Board of the Stock Exchange for permission for the listing of the Rights Shares (nil paid and fully paid) and permission to deal in the Rights Shares (nil paid and fully paid) on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (v) the SGX-ST indicates that it will not grant permission for the listing of the Rights Shares (nil paid and fully paid) on the SGX-ST;
- (vi) any condition to enable the nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS and the Central Depository System is not satisfied or notification is received by the Company from HKSCC or CDP that such admission or facility for holding and settlement has been or is to be refused; or
- (vii) (a) any statement contained in the Announcement or any of the Prospectus Documents has become or been discovered to be untrue, inaccurate, incomplete or misleading in any respect;

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## LETTER FROM THE BOARD

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- (b) any matter arises or is discovered which would, if the Announcement or any of the Prospectus Documents was to be issued at the time, constitute an omission therefrom;
- (c) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement;
- (d) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group;
- (e) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable): (aa) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (bb) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange, the SGX-ST and/or any other stock exchange on which the Company's securities are traded for more than two Business Days (other than pending publication of announcing the Rights Issue or any other announcement relating to the Rights Issue); (cc) a general moratorium on commercial banking activities in the United States, Hong Kong, Macau and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Macau or the United Kingdom; or (dd) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof;
- (f) there shall have occurred any event or series of events (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, calamity, crisis, strike, lock-out, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic); or
- (g) the Company is required to publish a supplementary prospectus in accordance with Rule 11.13 of the Listing Rules or otherwise,

which, in the sole opinion of the Joint Underwriters:

- (i) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Group or to any present or prospective Shareholder in its capacity as such;
- (ii) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or
- (iii) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Prospectus Documents.

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## LETTER FROM THE BOARD

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In the event the Joint Underwriters exercise the right to terminate the Underwriting Agreement upon the giving of written notice of termination prior to the Latest Time for Termination, all the obligations of the parties under the Underwriting Agreement shall cease and terminate immediately and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach).

If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

### **E. WARNING OF THE RISK OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Shareholders and any other person should note that the Shares have been dealt in on an ex-rights basis commencing from Thursday, 18 September 2014 on the Stock Exchange and from Wednesday, 17 September 2014 on the SGX-ST and that dealings in Rights Shares in their nil-paid form are expected to take place on the Stock Exchange from Tuesday, 30 September 2014 to Thursday, 9 October 2014 (both days inclusive) and on the SGX-ST from Tuesday, 30 September 2014 to Wednesday, 1 October 2014 (both days inclusive). Shareholders should also note that dealing in Shares or the nil-paid Rights Shares will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any Shareholder or other person dealing in Shares or the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be 5:00 p.m. on Monday, 20 October 2014), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or the nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

## LETTER FROM THE BOARD

### F. SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming there is no change in the shareholding structure of the Company from the Latest Practicable Date to the completion of the Rights Issue and that there are no Non-Qualifying Shareholders.

	Shareholding as at the Latest Practicable Date		Shareholding immediately following completion of the Rights Issue (assuming all Qualifying Shareholders take up their entitlements under the Rights Issue) (Note 6)		Shareholding immediately following completion of the Rights Issue (assuming no Qualifying Shareholders, other than Yue Xiu, take up their entitlements under the Rights Issue) (Note 6)	
	Approximate		Approximate		Approximate	
	Shares	%	Shares	%	Shares	%
Yue Xiu (Notes 1 and 2)	4,631,163,657	49.67	6,159,447,662	49.67	6,159,447,662	49.67
Mr. Lee Ka Lun (Note 3)	4,200,000	0.045	5,586,000	0.045	4,200,000	0.034
Mr. Lau Hon Chuen Ambrose (Note 4)	3,640,000	0.039	4,481,200	0.039	3,640,000	0.029
Mr. Chen Zhihong (Note 5)	574,961	0.006	764,698	0.006	574,961	0.005
Mr. Li Feng (Note 6)	130,000	0.001	172,900	0.001	130,000	0.001
Sub-total	4,639,708,618	49.76	6,170,812,460	49.76	6,167,992,623	49.74
Public Shareholders	4,684,582,082	50.24	6,230,494,171	50.24	4,684,582,082	37.77
Joint Underwriters	—	—	—	—	1,548,731,926	12.49
<b>Total</b>	<b>9,324,290,700</b>	<b>100.00</b>	<b>12,401,306,631</b>	<b>100.00</b>	<b>12,401,306,631</b>	<b>100.00</b>

*Notes:*

- 100% of the issued share capital of Yue Xiu, is owned by 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), a limited liability company incorporated in the PRC which in turn is beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC.
- Shareholding in the Company is held, directly and indirectly, by Yue Xiu through its various wholly-owned subsidiaries.
- Mr. Lee Ka Lun is an independent non-executive Director.
- Mr. Lau Hon Chuen Ambrose is an independent non-executive Director.
- Mr. Chen Zhihong is an executive Director.
- Mr. Li Feng is an executive Director.
- The entitlement of each Shareholder named in the table above is rounded down to the nearest whole number.
- The Shares have been listed on the Main Board of the Stock Exchange and have a secondary listing on the SGX-ST. The shareholding structure tables above cover all the issued Shares which are traded on both the Stock Exchange and the SGX-ST.

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## LETTER FROM THE BOARD

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### G. PREVIOUS EQUITY FUND RAISING EXERCISES OF THE COMPANY

The Company has not conducted any equity fund raising exercises in connection with any issue of equity securities in the past 12 months immediately preceding the Latest Practicable Date.

### H. TRADING AND SETTLEMENT ARRANGEMENT BETWEEN THE STOCK EXCHANGE AND SGX-ST

#### 1. Transfer of Shares into CDP

Citibank N.A. Hong Kong is the CCASS participant appointed by CDP to hold the Shares in CCASS. An investor whose shares are held in Hong Kong and who wishes to trade his Shares on the SGX-ST must deposit his Shares into his securities account with CDP. If the investor is holding the Shares in scrip form, the investor may deposit the scrips with his own CCASS participant and instruct the CCASS participant to transfer the Shares to Citibank N.A. Hong Kong for the account of CDP thereafter.

If the Shares to be transferred to CDP are already held in CCASS, the investor will only need to instruct his CCASS participant to transfer the Shares to Citibank N.A. Hong Kong for the account of CDP.

The investor has to simultaneously submit the duly completed CDP prescribed form – REQUEST FOR CROSS BORDER SECURITIES TRANSFER (OTHERS) (“**CDP Transfer Request Form**”) to CDP, together with a fee prescribed in the CDP Transfer Request Form. In the event that the investor maintains a sub-account with a depository agent, the CDP Transfer Request Form will be completed by the depository agent on his/her/its behalf.

Having verified that the CDP Transfer Request Form has been correctly completed, CDP will instruct Citibank N.A. Hong Kong to acknowledge receipt of the Shares in CCASS. Upon notification by Citibank N.A. Hong Kong of receipt of the Shares, CDP will accordingly credit to the investor’s securities account with the relevant number of Shares and notify the investor accordingly.

#### 2. Transfer of Shares out of CDP

An investor may transfer his Shares out of CDP to Hong Kong if he/she/it wishes to trade his Shares on the Stock Exchange. To effect the transfer, the investor (or his/her/its depository agent) has to submit the duly completed CDP Transfer Request Form to CDP together with a fee prescribed in the CDP Transfer Request Form. Having verified that the CDP Transfer Request Form has been correctly completed, CDP will instruct to transfer the Shares to the CCASS participant. Upon receipt of confirmation that the transfer has been effected, CDP will then debit the investor’s securities account for the relevant number of Shares to be transferred out and notify the investor accordingly.

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## LETTER FROM THE BOARD

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The investor has to simultaneously instruct his/her/its CCASS participant to expect receipt of the number of Shares specified by Citibank N.A. Hong Kong via CCASS.

### **3. Time needed for Share transfers**

Barring unforeseen circumstances, the transfer of Shares between Singapore and Hong Kong (into and out of CDP) would typically be completed by 12:00 p.m. the following day after the duly completed documentation is submitted to CDP for processing and proper instructions are given by the investor to his/her/its CCASS participant in Hong Kong. It must be noted that instructions received by CDP after 10:00 a.m. on a given business day will be considered as the next business day's request and will be processed on the next business day.

## **I. PROCEDURES FOR ACCEPTANCE**

### **1. General**

Any person (including, without limitation, any custodian, nominee and trustee outside Hong Kong) wishing to take up the Rights Shares (in nil-paid or fully-paid form) under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders whose registered addresses are outside Hong Kong or who are holding Shares on behalf of persons with such addresses is drawn to the section headed "THE RIGHTS ISSUE — Non-Qualifying Shareholders" in this Letter from the Board.

Each subscriber of Rights Shares will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and the Joint Underwriters and to any person acting on their behalf, unless the Company and the Joint Underwriters waive such requirement in their respective sole discretion in relation to the relevant representation(s) and/or warranty(ies) given to each of them:

- he/she/it was a Shareholder as at the Record Date, or he/she/it lawfully acquired or may lawfully acquire rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- subject to certain exceptions, he/she/it is not resident or located in the United States;
- subject to certain exceptions, he/she/it is not accepting an offer to acquire, take up or exercise rights or Rights Shares on a non-discretionary basis for a person who is resident or located in the United States at the time the instruction to accept was given;



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## LETTER FROM THE BOARD

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- he/she/it is not doing so for the account of any person who is located in the United States, unless:
  - (a) the instruction to purchase or take up the rights or to subscribe for or accept Rights Shares was received from a person outside the United States; and
  - (b) the person giving such instruction has confirmed that it (i) has the authority to give such instruction and (ii) either (A) has investment discretion over such account; or (B) is an investment manager or investment company that is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring rights or Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the United States; and
- he/she/it understands that neither the rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the rights or Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

### **2. For Qualifying Shareholders**

The PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Rights Shares traded on the Stock Exchange as shown therein subject to payment in full by the latest time for acceptance. Qualifying Shareholders should note that they may apply for any number of Rights Shares only up to the number set out in the PAL.

If Qualifying Shareholders wish to apply for all the Rights Shares offered to them as specified in the PAL or wish to apply for any number less than their entitlements under the Rights Issue, they must complete, sign and lodge the PAL in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Rights Shares they have applied for with Tricor Abacus Limited, the Registrar at Level 22, Hopewell Centre, 183 Queen’s Road

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## LETTER FROM THE BOARD

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East, Hong Kong by **4:00 p.m. on Tuesday, 14 October 2014**. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Yuexiu Property Company Limited — Rights Issue Account**" and crossed "**Account Payee Only**". Such payment will constitute full acceptance of the provisional allotment on terms of the PAL and this Prospectus and subject to the Articles of Association of the Company. It should be noted that unless the duly completed and signed PAL, together with the appropriate remittance, have been lodged with Tricor Abacus Limited by not later than **4:00 p.m. on Tuesday, 14 October 2014**, the entitlements of the respective Qualifying Shareholders under the Rights Issue and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The PAL contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier's orders accompanying completed PAL will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The PAL is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Rights Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the Register of Members of the Company at their own risk as soon as practicable thereafter.

### **3. For Qualifying CDP Depositors**

If Qualifying CDP Depositors wish to apply for all the Rights Shares offered to them as specified in the ARE or wish to apply for any number less than their entitlements under the Rights Issue, they must complete, sign and lodge the ARE in accordance with the instructions printed thereon, together with a single remittance in payment for the relevant number of Rights Shares accepted at the Subscription Price, made in Hong Kong dollars in the form of a banker's draft drawn on a bank in Hong Kong and made payable to "**CDP — YUEXIU RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**", by hand to YUEXIU PROPERTY COMPANY LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED at 9 North Buona Vista Drive #01-19/20, The Metropolis, Singapore 138588, or by post, at your own risk, in the enclosed self-addressed envelope provided to YUEXIU PROPERTY COMPANY LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, Robinson Road Post Office, P.O. Box 1597, Singapore 903147, so as to arrive not later than **5:00 p.m. (Singapore time) on Wednesday, 8 October 2014**.

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## LETTER FROM THE BOARD

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For Qualifying CDP Depositors accepting the Rights Shares through CDP, the duly completed ARE must be accompanied by a single remittance for the full amount payable for the relevant number of Rights Shares accepted at the Subscription Price, made in Hong Kong dollars in the form of a banker's draft drawn on a bank in Hong Kong and made payable to "**CDP — YUEXIU RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**". Such payment will constitute full acceptance of the provisional allotment on terms of the ARE and this Prospectus and subject to the Articles of Association of the Company. No combined banker's draft for different securities accounts or other form of remittance (including the use of postal order or money order issued by a post office in Singapore) will be accepted.

The ARE is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

Dealings in the Rights Shares on the SGX-ST are expected to commence on Monday, 27 October 2014. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Rights Shares through CDP will be returned to the relevant Qualifying CDP Depositors, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the CDP Register at their own risk as soon as practicable thereafter.

Qualifying Shareholders accepting the Rights Shares through CDP are recommended to read the application procedures and terms and conditions of the Rights Issue set out in the ARE carefully.

### **J. APPLICATIONS FOR EXCESS RIGHTS SHARES**

#### **1. For Qualifying Shareholders**

If Qualifying Shareholders wish to apply for any Rights Shares in addition to their provisional allotment under the Rights Issue, they must complete, sign and lodge the EAF in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of excess Rights Shares they have applied for with Tricor Abacus Limited, the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by **4:00 p.m. on Tuesday, 14 October 2014**. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Yuexiu Property Company Limited — Excess Application Account**" and crossed "**Account Payee Only**".

All cheques and cashier's orders accompanying completed EAF will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an EAF with a cheque and/or a cashier's order will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The EAF is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

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## LETTER FROM THE BOARD

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If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Rights Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the Register of Members of the Company at their own risk as soon as practicable thereafter.

The Board will allot the excess Rights Shares applied for at its sole discretion on a fair and reasonable basis on the principles set out in the section headed “ALLOCATION OF EXCESS RIGHTS SHARES” in this Letter from the Board.

If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application money will be refunded to the relevant Qualifying Shareholder without interest by means of cheques despatched by ordinary post to the respective addresses specified in the Register of Members at their own risk on or about Wednesday, 22 October 2014.

### 2. For Qualifying CDP Depositors

If Qualifying CDP Depositors, wish to apply for any Rights Shares in addition to their provisional allotment under the Rights Issue, they must complete, sign and lodge the ARE in accordance with the instructions printed thereon, together with a single remittance in payment for the relevant number of Rights Shares accepted at the Subscription Price, made in Hong Kong dollars in the form of a banker’s draft drawn on a bank in Hong Kong and made payable to “**CDP — YUEXIU RIGHTS ISSUE ACCOUNT**” and crossed “**NOT NEGOTIABLE, A/C PAYEE ONLY**”, by hand to YUEXIU PROPERTY COMPANY LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED at 9 North Buona Vista Drive #01-19/20, The Metropolis, Singapore 138588, or by post, at your own risk, in the enclosed self-addressed envelope provided to YUEXIU PROPERTY COMPANY LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, Robinson Road Post Office, P.O. Box 1597, Singapore 903147, so as to arrive not later than **5:00 p.m. (Singapore time) on Wednesday, 8 October 2014**.

All banker’s drafts accompanying completed AREs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an ARE with a banker’s draft will constitute a warranty by the applicant that the banker’s draft will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The ARE is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

The Board will allot the excess Rights Shares applied for at its sole discretion on a fair and reasonable basis on the principles set out in the section headed “ALLOCATION OF EXCESS RIGHTS SHARES” in this Letter from the Board.

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## LETTER FROM THE BOARD

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If the number of excess Rights Shares allotted to a Qualifying CDP Depositor is less than that applied for, the surplus application money will be refunded to the relevant CDP Depositor without interest or any share of revenue or other benefit accruing on or arising therefrom in Hong Kong dollars in the form of a banker's draft drawn on a bank in Hong Kong despatched by ordinary post to the mailing address of such Qualifying CDP Depositor, at its own risk on or about Monday, 27 October 2014.

### **K. ALLOCATION OF EXCESS RIGHTS SHARES**

Any Rights Shares to which the Non-Qualifying Shareholders and/or Non-Qualifying CDP Depositors would otherwise have been entitled and any Rights Shares arising from the aggregation of fractional entitlements to the Rights Shares which, in each case, are not sold in the manner described in this Prospectus and any Rights Shares provisionally allotted and not accepted by the latest time for acceptance will be made available as excess Rights Shares for application by the Qualifying Shareholders and Qualifying CDP Depositors.

The Board will, upon consultation with the Joint Underwriters, allocate the excess Rights Shares being applied for at its discretion and on a fair and equitable basis and on the following principles:

- (1) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their nil-paid Rights Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (2) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied by them.

In applying principles (1) and (2) above, reference will only be made to the number of excess Rights Shares applied for.

Investors whose Shares are held by a nominee company (or which are held in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the Register of Members. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement regarding allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the relevant Shares to be registered in their own names prior to the Record Date.

### **L. TAXATION**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in, the nil-paid or fully-paid Rights Shares and, as regards the Non-Qualifying Shareholders, their receipt of the net

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## LETTER FROM THE BOARD

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proceeds of sale of the nil-paid Rights Shares otherwise falling to be provisionally allotted to them under the Rights Issue. It is emphasised that none of the Company, its Directors and any other parties involved in the Rights Issue accepts responsibility for any tax effects or liability of any Shareholder or transferee of nil-paid Rights Shares resulting from the purchase, holding or disposal of, or dealing in, the nil-paid or fully-paid Rights Shares. All the documents, including share certificates and cheques for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses on the Register of Members.

### M. ARRANGEMENT FOR ODD LOT TRADING

The entitlement ratio (33 Rights Shares for every 100 Shares held on the Record Date) was determined by the Directors, after consultation with the Joint Underwriters. When determining the entitlement ratio, the Directors took into account, among other things, the amount of funds that the Company intends to raise, the recent market conditions and the desire to set the Subscription Price at a reasonable discount to both the trading price of the Shares and the unaudited consolidated net asset value per Share as at 30 June 2014.

In order to alleviate the difficulties arising from the trading of odd lots, the Company has appointed BOCI Securities Limited to stand in the market in Hong Kong to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Tuesday, 21 October 2014 to Friday, 21 November 2014 (both days inclusive) at no extra cost to the Shareholders for the matching facility. Holders of odd lots of Shares who wish to take advantage of this facility either to dispose of or top-up their odd lots to a board lot of 2,000 Shares should directly, or through their brokers, contact Mr. Passe Law of BOCI Securities Limited, at its hotline +852 2718 9663 or at its fax number +852 2970 0290 during the aforementioned period. Shareholders should note that the matching service will be on a “best effort” basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on, among other things, there being adequate amounts of odd lots of Shares available for such matching. Shareholders may also make their own arrangements to top-up or sell their holdings of odd lots of Shares (if any) at their own expense. For the avoidance of doubt, Shareholders shall pay the relevant purchase price and normal transaction costs for which they are otherwise responsible.

**Shareholders are recommended to consult their stockbrokers, other registered dealers in securities, bank managers, solicitors, professional accountants or other independent professional advisers if they are in any doubt about the matching facility described above.**

### N. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this Prospectus.

By order of the Board of  
**Yuexiu Property Company Limited**  
**ZHANG Zhaoxing**  
*Chairman*

## **1. THREE-YEAR FINANCIAL INFORMATION**

The audited consolidated financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 December 2011 (pages 61 to 138), 2012 (pages 81 to 180) and 2013 (pages 73 to 168) respectively, which are published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.yuexiuproperty.com>).

The unaudited consolidated results of the Group for the six months ended 30 June 2014 is disclosed in the interim results announcement of the Company for the six months ended 30 June 2014 (pages 3 to 18), which is published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.yuexiuproperty.com>).

## **2. INDEBTEDNESS**

At the close of business on 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding borrowings and bank overdraft of approximately RMB27,672 million, comprising (1) secured bank borrowings of approximately RMB13,319 million, (2) unsecured bank borrowings of approximately RMB9,180 million, and (3) unsecured other borrowings of approximately RMB5,173 million.

The secured bank borrowings of the Group are secured by (1) certain of the Group's properties under development, properties held for sale, investment properties, property, plant and equipment and land use rights, and (2) assignment of shareholder's loans between certain companies in the Group.

### **Contingent Liabilities**

As at 31 July 2014, the Group had the following material contingent liabilities:

- (1) the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties amounting to approximately RMB2,079 million. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates; and
- (2) Certain subsidiaries of the Group jointly and severally provided guarantee of in respect of a syndicated loan amounting to approximately RMB3,302 million borrowed by Yuexiu Real Estate Investment Trust, an associated entity of the Company.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 31 July 2014, the Group did not have any other debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.



The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 July 2014 and up to the Latest Practicable Date.

### **3. WORKING CAPITAL**

After taking into account the expected completion of the Rights Issue and the financial resources available to the Group (including internally generated funds and the present available banking facilities relevant to the assessment of the sufficiency of working capital of the Group), the Directors are of the opinion that the Group has sufficient working capital for its present requirements (that is for at least the next 12 months from the date of this Prospectus).

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### **5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS**

#### **Economic and Market Environment**

In the first half of 2014, both the US and Japanese economies presented a stable recovery trend, but uncertainties abound in Europe's recovery. Although economic growth slackened in developing countries, economic upturn in developed countries led to export growth for developing countries, and the implementation of structural reforms became the driver for internal growth. During the first half of 2014, facing complicated domestic and foreign conditions, the central government held a firm grip in development and reinforced the market-oriented effects, realizing continuous stable growth in the economy of China. In the first half of 2014, China recorded an economic growth of 7.4%, which was slightly below the full year target of 7.5% but the overall economy was operating at a slow yet steady pace, structural adjustments were made without hindering advancement, while upgrading transformation was gathering momentum.

Liquidity in the domestic property market of China continued to tighten. Slower domestic economic growth resulted in declines in terms of both volume and prices. In contrast to the sales gross floor area ("GFA") of commodity housing in the first half of 2013 which amounted to 510 million sq.m., an increase of nearly 30% year-on-year, the sales GFA in the first half of 2014 amounted to 480 million sq.m., representing a decline from a high base figure which was not unreasonable or abnormal. Moreover, after a rapid growth for 10 consecutive years, the overheated domestic property market was due for a cooling, a healthy adjustment indeed.



**Operating Results Achieved Stable Growth**

In the first half of 2014, the Group adopted the main working themes of “three ensurings, three accelerations and three strengthenings” in response to the adverse trend of market correction from a high level, and achieved the scheduled operating results by completing all operating targets for the first half of the year.

In the first half of 2014, revenue realized by the Group was approximately RMB6,326 million, an increase of 4.4% comparing with the corresponding period of last year. Gross profit margin was 34.4%. Profit attributable to equity holders was approximately RMB1,676 million, a decrease of 28.4% comparing with the corresponding period of last year. Earnings per share was approximately RMB0.1798.

Core net profit (profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange loss/gain) was approximately RMB992 million, an increase of 10.5% comparing with the corresponding period of last year, core net profit margin was 15.7%.

**Contracted Sales Rose During the Market Downturn**

In the first half of 2014, after recognizing the market landscape, the Group adjusted strategies flexibly to capture early opportunities in the market and responded positively to the downturn of the market. Results of contracted sales for the half year met expectations of the management by adopting diversified sales methods. The Group recorded aggregate contracted sales value (including contracted sales by joint venture projects) of approximately RMB10.63 billion and the aggregate contracted sales GFA (including contracted sales by joint venture projects) was approximately 835,600 sq.m., increases of 23.4% and 34.7% respectively comparing with the corresponding period of last year, and 48% of the full year sales target RMB22 billion was completed.

As of 30 June 2014, 30 projects were being sold, of which 5 projects were brand new projects, including Guangzhou Starry Cullinan, Guangzhou Lingnan Wood, Zhongshan Starry Peakfield, Zhongshan Paradiso Jadin and Qingdao Starry Blue Bay.

**The Overall Financial Position Remained Healthy**

Under the liquidity tightening of the macro environment, the Group actively implemented the loan arrangement to rationalize resource allocation and optimized the debt structure proactively, which helped the balance sheet to remain liquid and healthy. In the first half of 2014, the funding amount of approximately RMB8.6 billion was realized, of which RMB4.6 billion was onshore and RMB4.0 billion was offshore. As of 30 June 2014, the ratio between onshore and offshore borrowings of the Group was 45%:55%. By a mix of funding channels, the average funding cost in the first half year was 5.2%, a decrease of 0.4 percentage point comparing with 5.6% for the year 2013.

As of 30 June 2014, the net gearing of the Group was 62.7%, increased by 1.1 percentage points comparing with end of 2013, but it was still at a healthy level. Moody’s and Fitch maintained the Group’s investment grade rating of “Baa3/stable” and “BBB-/stable” respectively.

**Model of Cooperation was Deepened to Strengthen the Nationwide Layout**

The Group continued to deepen cooperation with an investment fund and captured market opportunities to increase landbank prudently. In the first half of 2014, the Group acquired a land parcel located at Gudun Road, Hangzhou, at the base bidding price, the total consideration was approximately RMB1,000 million, with a GFA of approximately 190,500 sq.m.. This land parcel was acquired jointly with the investment fund, therefore the land premium payable by the Group was only RMB100 million.

As of 30 June 2014, total landbank of the Group was approximately 15.07 million sq.m.. In terms of the attributable interest, the Group's landbank was approximately 12.25 million sq.m.. The Group had 39 projects which had presence mainly in 12 cities in the Pearl River Delta, Yangtze River Delta, Bohai Rim and Central China Region, achieving remarkable results in nationwide layout. Moreover, most of the landbank was concentrated on Tier 1 and Tier 2 cities, Tier 1 cities (Guangzhou and Hong Kong) accounted for 36% and Tier 2 cities (Wuhan, Hangzhou, Qingdao, Shenyang, Haikou and Foshan) accounted for 45% and other cities (Yantai, Kunshan, Jiangmen and Zhongshan) accounted for 19% of the total landbank by GFA.

**Business Outlook**

Since the beginning of July 2014, some local governments relaxed home purchasing restriction and steered the property market back to “market-oriented” model, stabilizing the domestic real estate industry. However, due to the significant sales growth in the property market in 2013, development investments were increased by property developers and led to a substantial increase in supply in 2014, resulting in intense competition.

Under the current market conditions, the Group will continue to maintain high alerts for development and adhere to the objective of “enhancing strengths through reform and innovation, facilitating forward-leaping development through transformation and upgrade” and adopt the main themes of “three ensurings, three accelerations and three strengthenings” to tackle the situation, capture opportunities and strive to neutralize adverse effects brought by changes in the macro environment, and continue to drive the performance of the Group in the second half of 2014.

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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**1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2014.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 30 June 2014 or at any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2014 and adjusted to reflect the effect of the Rights Issue:

	<b>Unaudited consolidated net tangible assets of the Group attributable to the shareholders as at 30 June 2014</b>	<b>Estimated net proceeds from Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the shareholders</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets per share</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>
Based on 3,077,015,931 Rights Shares at Subscription Price of HK\$1.25 per Rights Share	25,622,279	3,006,033	28,628,312	2.308

*Notes:*

1. The consolidated net tangible assets of the Group attributable to the shareholders as at 30 June 2014 is extracted from the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2014, which is based on the unaudited consolidated net assets of the Group attributable to the shareholders as at 30 June 2014 of approximately RMB25,622 million. The consolidated net tangible assets per Share as at 30 June 2014 was RMB2.748.
2. The estimated net proceeds from the Rights Issue are based on 3,077,015,931 Rights Shares to be issued at the Subscription Price of HK\$1.25 per Rights Share, after deduction of the related expenses of approximately HK\$60 million.

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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3. The unaudited pro forma consolidated net tangible assets per Share is calculated based on the unaudited pro forma consolidated net tangible assets attributable to the Shareholders of approximately RMB28,628 million and 12,401,306,631 Shares in issue (on the basis that there were 9,324,290,700 Shares in issue as at 30 June 2014 and assuming 3,077,015,931 Rights Shares were issued under the Rights Issue) as if the Rights Issue has been completed on 30 June 2014.
4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2014 including the net proceeds from the exercise of share options of the Company outstanding as at 30 June 2014.
5. HK\$ has been translated into RMB at an exchange rate of HK\$1 = RMB0.79393 for illustrative purpose.

**2. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

TO THE DIRECTORS OF YUEXIU PROPERTY COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yuexiu Property Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2014, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 26 September 2014, in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue on the Group's financial position as at 30 June 2014 as if the proposed rights issue had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the six months ended 30 June 2014, on which a review report has been published.

*Directors' Responsibility for the Unaudited Pro Forma Financial Information*

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

*Reporting Accountant's Responsibilities*

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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*Opinion*

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26 September 2014

**A. RESPONSIBILITY STATEMENTS**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

**B. CORPORATE INFORMATION**

Registered office	26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong
Company secretary	Mr. Yu Tat Fung, a solicitor of the High Court of Hong Kong
Authorised representatives	Mr. Tang Shouchun 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong  Mr. Yu Tat Fung 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22nd Floor, Prince's Building, Central, Hong Kong
Registrar of the Company	Tricor Abacus Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Share transfer agent in Singapore	Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623
Principal bankers	Bank of China (Hong Kong) Limited 52nd Floor, Bank of China Tower, 1 Garden Road, Hong Kong  The Bank of East Asia Limited 10 Des Voeux Road Central, Hong Kong  Hang Seng Bank Limited 83 Des Voeux Road Central, Hong Kong  The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong  Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong



	Wing Lung Bank Limited 45 Des Voeux Road Central, Hong Kong
	DBS Bank Ltd. 18th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong
	Malayan Banking Berhad 18th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Joint Underwriters	DBS Asia Capital Limited 17th Floor, The Center, 99 Queen's Road Central, Hong Kong
	BOCI Asia Limited 26th Floor, Bank of China Tower, 1 Garden Road, Hong Kong
Hong Kong legal advisers to the Company	Baker & McKenzie 23rd Floor, One Pacific Place, 88 Queensway, Hong Kong
Hong Kong legal advisers to the Joint Underwriters	Linklaters 10/F, Alexandra House, 18 Chater Road, Central, Hong Kong

## C. SHARE CAPITAL

### 1. Share capital

The Company does not have an authorised share capital nor any nominal value of Shares in its capital.

- (a) As at Latest Practicable Date, the number of Shares of the Company in issue was as follows:

Type	Number	Status
Ordinary Shares	9,324,290,700	Issued and fully paid up

- (b) The Shares of the Company in issue immediately following completion of the Rights Issue will be as follows (assuming no further issue and/or repurchase of Shares from the Latest Practicable Date to the completion of the Rights Issue):

Type	Number	Status
Ordinary Shares	9,324,290,700	Issued and fully paid up
Rights Shares	<u>3,077,015,931</u>	Issued and fully paid up
	12,401,306,631	

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants or conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Rights Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares then in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares. For the avoidance of doubt, the fully-paid Rights Shares will not entitle the holders thereof to the 2014 Interim Dividend.

## 2. Other

All the Shares in issue and the Rights Shares to be issued will (when allotted and fully paid) rank *pari passu* in all respects with each other including as regards to dividends, voting rights and return of capital. The Shares in issue are listed on the Stock Exchange and the SGX-ST. Other than the Stock Exchange and the SGX-ST, there is no other stock exchange on which any part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought.

There is no arrangement that any securities acquired in pursuance of the Rights Issue will be transferred, charged, or pledged to any other persons.

## D. DISCLOSURE OF INTERESTS

### 1. Directors and chief executive

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive had, or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they have taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

#### *Long positions in Shares:*

<b>Name of Director/ chief executive</b>	<b>Capacity in Holding Interest</b>	<b>Beneficial interest in Shares</b>	<b>Approximate % of interest</b>
Mr. Lee Ka Lun	Beneficial owner	4,200,000	0.045
Mr. Lau Hon Chuen Ambrose	Beneficial owner	3,640,000	0.039
Mr. Chen Zhihong	Beneficial owner	574,961	0.006
Mr. Li Feng	Beneficial owner	130,000	0.001

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which has an interest or short position in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

*Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):*

<b>Name of Director/ chief executive</b>	<b>Name of associated corporation</b>	<b>Capacity in Holding Interest</b>	<b>Beneficial interest in Shares</b>	<b>Approximate % of interest</b>
Mr. Lau Hon Chuen Ambrose	Yuexiu Transport Infrastructure Limited	Beneficial owner	195,720	0.012
Mr. Chen Zhihong	Yuexiu Transport Infrastructure Limited	Beneficial owner	69,900	0.004

## 2. Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive, the following persons (not being a Director or a chief executive of the Company) had an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

<b>Name</b>	<b>Capacity</b>	<b>Long position in Shares</b>	<b>Approximate % of interest</b>
廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interests of controlled corporations	6,159,447,662 (Note 2)	66.06 (Note 3)
Yue Xiu Enterprises (Holdings) Limited (“Yue Xiu”)	Interests of controlled corporations	6,159,447,662	66.06 (Note 3)
DBS Group Holdings Ltd (Note 4)	Interests of controlled corporations	774,365,963	8.30 (Note 3)
Central Huijin Investment Ltd. (Note 5)	Interests of controlled corporations	778,139,963	8.35 (Note 3)

*Notes:*

1. 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) is deemed under the SFO to be interested in 6,159,447,662 Shares as a result of its indirect holding of such Shares through its wholly-owned subsidiaries, details of which are as follows:

Name	Long position in Shares
Yue Xiu	6,159,447,662 (i)
Superb Master Ltd. (“Superb”)	401,989,620 (ii)
Excellence Enterprises Co., Ltd. (“Excellence”)	5,749,874,187 (ii)
Bosworth International Limited (“Bosworth”)	4,202,934,153 (ii)(iii)
Sun Peak Enterprises Ltd. (“Sun Peak”)	978,065,907 (ii)
Novena Pacific Limited (“Novena”)	978,065,907 (ii)(iv)
Shine Wah Worldwide Limited (“Shine Wah”)	273,266,721 (ii)
Morrison Pacific Limited (“Morrison”)	273,266,721 (ii)(v)
Perfect Goal Development Co., Ltd. (“Perfect Goal”)	234,689,273 (ii)
Greenwood Pacific Limited (“Greenwood”)	234,689,273 (ii)(vi)
Seaport Development Limited (“Seaport”)	60,918,133 (ii)
Goldstock International Limited (“Goldstock”)	60,918,133 (ii)(vii)
Yue Xiu Finance Company Limited	7,583,855 (ii)

- (i) This includes the deemed interest in 1,528,284,005 Rights Shares which Yue Xiu has irrevocably undertaken to take up, or to procure its Subsidiaries or its nominees to take up, pursuant to the Irrevocable Undertaking.
- (ii) This includes Rights Shares to be taken up pursuant to the Irrevocable Undertaking.
- (iii) Bosworth was interested in 4,202,934,153 Shares, and it was wholly-owned by Excellence which was, in turn, wholly-owned by Yue Xiu.
- (iv) Novena was interested in 978,065,907 Shares, and it was wholly-owned by Sun Peak which was, in turn, wholly-owned by Excellence.
- (v) Morrison was interested in 273,266,721 Shares, and it was wholly-owned by Shine Wah which was, in turn, wholly-owned by Excellence.
- (vi) Greenwood was interested in 234,689,273 Shares, and it was wholly-owned by Perfect Goal which was, in turn, wholly-owned by Excellence.
- (vii) Goldstock was interested in 60,918,133 Shares, and it was wholly-owned by Seaport which was, in turn, wholly-owned by Excellence.
2. This includes the deemed interest in 1,528,284,005 Rights Shares which Yue Xiu has irrevocably undertaken to take up, or to procure its Subsidiaries or its nominees to take up, pursuant to the Irrevocable Undertaking.
3. This percentage interest is calculated on the basis of total issued shares of the Company as at the Latest Practicable Date, being 9,324,290,700 Shares.

4. DBS Group Holdings Ltd is deemed under the SFO to be interested in 774,365,963 Shares as a result of its indirect holding of such Shares through its wholly-owned subsidiaries, details of which are as follows:

Name	Long position in Shares
DBS	774,365,963 (i)
DBS Bank Ltd.	774,365,963 (i)

(i) This includes the deemed interest in 774,365,963 Rights Shares which DBS has conditionally agreed to underwrite pursuant to the Underwriting Agreement.

(ii) DBS is wholly-owned by DBS Bank Ltd., which in turn is wholly-owned by DBS Group Holdings Ltd.

5. Central Huijin Investment Ltd. is deemed under the SFO to be interested in 778,139,963 Shares as a result of its indirect holding of such Shares through its subsidiaries, details of which are as follows:

Name	Long position in Shares
Bank of China Limited	778,139,963 (i)
BOC International Holdings Limited	774,365,963 (i)
BOCI	774,365,963 (i)

(i) This includes the deemed interest in 774,365,963 Rights Shares which BOCI has conditionally agreed to underwrite pursuant to the Underwriting Agreement.

(ii) BOCI is wholly-owned by BOC International Holdings Limited, which in turn is wholly-owned by Bank of China Limited.

(iii) Bank of China Limited is owned as to approximately 67.72% by Central Huijin Investment Ltd.

6. The information disclosed above is based on the information available on the website of the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares and underlying Shares to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

**E. COMPETING INTEREST**

As at the Latest Practicable Date, so far as the Directors are aware of, no Director or his/her respective associates had any interest in businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**F. OTHER INTERESTS**

As at the Latest Practicable Date:

- (i) none of the Directors was given any benefit as compensation for loss of office or otherwise in connection with the Rights Issue;
- (ii) none of the Directors or the chief executive of the Company had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up; and
- (iii) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**G. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company, or any member of the Group, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

**H. EXPERT**

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, PricewaterhouseCoopers had no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and all references to its name in the form and context in which they are included.

The report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group from PricewaterhouseCoopers is given as of the date of this Prospectus for incorporation herein.

#### **I. NO MATERIAL CHANGES**

Save for all the matters and information as disclosed under the section headed “BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS” in Appendix I to this Prospectus, which information has been extracted from the Company’s 2013 annual report and the Company’s announcement dated 27 August 2014, as at the Latest Practicable Date, there was no material change in the financial or trading position or outlook of the Group since 31 December 2013, the date to which the latest published consolidated audited accounts of the Group were made up.

#### **J. MATERIAL LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Group and no litigation or arbitration or claims which would materially and adversely affect the operations of the Group was known to the Directors to be pending or threatened by or against any member of the Group.

#### **K. MATERIAL CONTRACTS**

The following contracts, not being entered into in the ordinary course of business, were entered into by members of the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date and are, or may be, material:

- (i) the Underwriting Agreement; and
- (ii) the subscription agreement dated 16 January 2013 entered into between the Company, Bank of China (Hong Kong) Limited, BOCI Asia Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc and Yue Xiu Securities Company Limited in relation to the issue of US\$350,000,000 3.25 per cent. notes due 2018 and US\$500,000,000 4.50 per cent. notes due 2023 issued under a medium term note programme in a principal amount of up to US\$2,000,000,000.

**L. EXPENSES**

The expenses in connection with the Rights Issue, including the financial advisory fees, underwriting commission, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK\$60 million and will be payable by the Company.

**M. LEGAL EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and will be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant documents shall have the effect of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**N. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL**

A significant part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside the PRC. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where RMB is to be converted into foreign currency and remitted to a jurisdiction outside the PRC to pay certain capital account items. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. Our PRC subsidiaries must present certain documents to the SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC to pay certain capital account items, including, in the case of the remittance of any dividends more than US\$50,000, evidence that the relevant PRC taxes have been paid. Since 10 February 2014, SAFE, its authorised branch, and the designated foreign exchange banks no longer review any documents if the dividend amount to be remitted outside of PRC is equivalent to US\$50,000 or less. Prior to payment of interest and principal on any shareholder loan that we make to our PRC subsidiaries, the relevant PRC subsidiary must present evidence showing that the registration of the loan with the SAFE has been completed, together with the evidence of payment of the 10% withholding tax or lower tax treaty rate on the interest payable in respect of such shareholder loan. If the PRC foreign exchange control system prevents the Company from obtaining sufficient foreign currency, or if any of its PRC subsidiaries for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, such PRC subsidiary will be unable to pay the Company dividends or interest and principal on shareholder loans, which may affect our ability to satisfy its obligations under contracts or other legal documents to which the Company or any of its Subsidiaries is a party.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of principal and interest owing to the Company and/or its non-PRC subsidiaries into Hong Kong from outside Hong Kong.



**O. MISCELLANEOUS**

- (i) The company secretary of the Company is Mr. Yu Tat Fung, who is a solicitor of the High Court of Hong Kong.
- (ii) The Registrar of the Company is Tricor Abacus Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. The share transfer agent of the Company in Singapore is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623.
- (iii) The English text of this Prospectus shall prevail over the Chinese text in the case of any inconsistency.

**P. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours at the registered office of the Company at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong on any Business Day from the date of this Prospectus up to and including 14 October 2014:

- (i) the articles of association of the Company;
- (ii) the annual reports of the Group for the two years ended 31 December 2013;
- (iii) this Prospectus;
- (iv) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (v) each contract set out in the paragraph headed "Material Contracts" in this Appendix; and
- (vi) the letter of consent referred to under the paragraph headed "Expert" in this Appendix.

**Q. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert" in this Appendix, has been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**R. PARTICULARS OF DIRECTORS****(a) Biographical details of the Directors****1. Executive Directors**

**Mr Zhang Zhaoxing**, aged 51, was appointed Chairman of the Company in July 2013. Mr Zhang has been an executive director of the Company since 2008. He had been Vice Chairman and General Manager of the Company. He is also chairman and a director of Guangzhou Yue Xiu Holdings Limited (“Guangzhou Yue Xiu”) and Yue Xiu and chairman and a non-executive director of Yuexiu Financial Holdings Limited (“YFHL”). He is also chairman and a non-executive director of Chong Hing Bank Limited (“Chong Hing Bank”) (Stock Code: 1111), the shares of the company mentioned above is listed on the Stock Exchange. Mr Zhang had been chairman and an executive director of Yuexiu Transport Infrastructure Limited (“Yuexiu Transport”) (Stock Code: 1052). Mr Zhang holds an executive master of business administration degree awarded by Huazhong University of Science and Technology, and possesses the qualification of senior accountant in China. He has extensive experience in the financial management, industrial operation, capital operation and corporate culture development of large enterprises. Prior to joining Yue Xiu in 2008, Mr Zhang was the director and general manager of Guangzhou Radio Group Co., Ltd., chairman and general manager of Haihua Electronics Enterprise (China) Corporation, chairman of Guangzhou Guangdian Real Estate Development Co., Ltd. and a director of GRG Banking Equipment Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 2152). Mr Zhang is a deputy of the 12th National People’s Congress of the People’s Republic of China and he is the only deputy from Guangzhou state-owned enterprises.

**Mr Zhu Chunxiu**, aged 52, was appointed Vice Chairman and executive director of the Company in July 2013. Mr Zhu is also vice-chairman and general manager of Guangzhou Yue Xiu and Yue Xiu. He is also a non-executive director of YFHL and Chong Hing Bank, and chairman and an executive director of Yuexiu Transport. Prior to joining Yue Xiu in 2013, Mr Zhu was vice-chairman and general manager of Guangzhou Finance Holdings Group Co., Ltd. (formerly known as “Guangzhou International Holding Group Co., Ltd.”). He was a director of Guangzhou Rural Commercial Bank (formerly known as “Guangzhou Rural Credit Union”). Mr Zhu was awarded the degree in executive master of business administration by Sun Yat-sen University. Mr Zhu holds the economist qualification in China and has extensive experience in the operation and management of large financial institutions and banks. He is a deputy of the 14th session of the Guangzhou City People’s Congress.

**Mr Tang Shouchun**, aged 51, was appointed executive director of the Company in 2006. Mr Tang is currently a deputy general manager of Guangzhou Yue Xiu and Yue Xiu, and is responsible for overseeing the Group’s internal management, legal and assets disposal affairs. Mr Tang graduated from Nanjing Agricultural University and is a senior accountant, senior economist and registered asset appraiser in China, and has a doctor degree in agricultural economics and management. Prior to joining Yue Xiu in 2002, he taught at Southwestern University of Finance and Economics in Chengdu and was a vice professor of South China Normal University in Guangzhou. He had been a director and chief accountant of Guangzhou City Construction & Development Group Co. Ltd., responsible for overseeing financial accounting, financial management and capital operation of the company. He also participated in the planning and operation management of various large real estate projects. He has extensive experience in the financial management and capital operation of large enterprises.

**Mr Chen Zhihong**, aged 53, was appointed General Manager of the Company in March 2014. Mr Chen has been an executive director since 2011. He had been the General Manager, Operations of the Company. Mr Chen holds a master of business administration degree of the South China University of Technology and the qualifications of economist and engineer in China. He joined Yue Xiu in January 2001 and has held management positions of deputy general manager and general manager of the corporate management department and general manager of the investment department. In January 2006, he was promoted as a deputy general manager of the Company and as a deputy managing director of Guangzhou City Construction & Development Co. Ltd. Prior to joining Yue Xiu, Mr Chen Zhihong worked for Guangzhou Paper Group for almost 20 years and had been engaged in the operational management of the enterprise and had been seconded to Restructuring Commission of Guangzhou Municipality (廣州市政府體制改革委員會) to participate in economic restructuring. He has extensive experience in the real estate industry and is familiar with the regulatory policies for the real estate industry in China.

**Mr Li Feng**, aged 46, was appointed executive director of the Company in March 2014. Mr Li is the assistant to general manager of, as well as general manager of the capital department of Guangzhou Yue Xiu and Yue Xiu, and a director of Guangzhou City Construction & Development Co. Ltd., mainly responsible for organizing and implementing Guangzhou Yue Xiu group's major capital operation plans and coordinating investor relations for Guangzhou Yue Xiu group's listed companies. He is also a non-executive director of Yuexiu REIT Asset Management Limited (the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405)) and a non-executive director of Chong Hing Bank. Mr Li graduated from the Faculty of Naval Architecture and Ocean Engineering of South China University of Technology majoring in naval architecture, and obtained a master of business administration degree from Jinan University. He holds the qualification of a Senior Engineer in China. Mr Li joined Yue Xiu in December 2001 and has successively held positions including assistant manager of corporate management department, assistant to general manager of supervision and auditing department, deputy general manager of capital department and deputy general manager of Yue Xiu International Development Limited. Mr Li is familiar with business of listed companies and the operations of capital markets. Since 2008, he has participated in all of the major capital operation projects of Guangzhou Yue Xiu group; before that, he was also involved in the successful listing of Yuexiu Real Estate Investment Trust, and has extensive practical experience in capital operations.

**Mr Ou Junming**, aged 45, was appointed executive director of the Company in March 2014. Mr Ou is the chief financial officer of the Company, chief financial officer and general manager of the finance department of Guangzhou Yue Xiu and Yue Xiu, and a director of Guangzhou City Construction & Development Co. Ltd., as well as a non-executive director of YFHL. Mr Ou graduated from the Business School of Sun Yat-sen University majoring in accounting, and obtained a bachelor's degree in economics. He holds the qualifications of a Certified Public Accountant and Certified Appraiser in China, and the qualification of an International Certified Internal Auditor. Mr Ou joined Yue Xiu in November 2001 and has successively held various positions, including manager, assistant to general manager and deputy general manager of supervision and auditing department, and general manager of auditing department of Guangzhou Yue Xiu. Mr Ou has participated in the operational management of major capital operation projects of Guangzhou Yue Xiu group; he is familiar with internal control and financial management of listed companies, and has extensive experience in corporate finance and capital management. Prior to joining Yue Xiu, Mr Ou worked in the foreign auditing department of Guangdong Provincial Audit Office and Tin Wha Huayue Certified Public Accountants Guangdong (formerly known as "Huayue Certified Public Accountants Guangdong").

## 2. Independent non-executive Directors

**Mr Yu Lup Fat Joseph**, aged 66, has been an independent non-executive director since 1992. Mr Yu holds a master's degree in applied finance from Macquarie University in Australia and a diploma of management studies from the University of Hong Kong. Mr Yu has over 40 years of experience in investment, banking and finance.

**Mr Lee Ka Lun** aged 59, has been an independent non-executive director since 2000. He is also an independent non-executive director of YFHL and Chong Hing Bank. He is an accountant by profession. Mr Lee is a Fellow of the Association of Chartered Certified Accountants in UK and has over 20 years of experience in banking and auditing. He is an independent non-executive director of Chow Sang Sang Holdings International Limited (Stock Code: 116) and REXLot Holdings Limited (Stock Code: 555). The shares of the companies mentioned above are listed on the Stock Exchange.

**Mr Lau Hon Chuen, GBS, JP, alias Ambrose Lau**, aged 67, has been an independent non-executive director since 2004. He obtained a bachelor of laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr Lau is the Senior Partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr Lau is currently an independent non-executive director of Franshion Properties (China) Limited (Stock Code: 817), Glorious Sun Enterprises Limited (Stock Code: 393), Yuexiu Transport, COFCO Land Holdings Limited (Stock Code: 207), Wing Hang Bank, Limited (Stock Code: 302), Brightoil Petroleum (Holdings) Limited (Stock Code: 933), and The People's Insurance Company (Group) of China Limited (Stock Code: 1339). The shares of the companies mentioned above are listed on the Stock Exchange. He is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment And Finance Limited, Wydoff Limited and Wytex Limited. Mr Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

### (b) Business address

The business address of all the Directors is same as the registered office of the Company at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.