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越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00123)

VOLUNTARY ANNOUNCEMENT

PROPOSED REAL ESTATE DEBT INVESTMENT SCHEME

This is a voluntary announcement made by Yuexiu Property Company Limited (the “**Company**”).

The board of directors of the Company (the “**Board**”) is pleased to announce that on 11 September 2017, Guangzhou City Construction & Development Group Nansha Co., Ltd* (廣州城建開發南沙房地產有限公司) (“**GZ Nansha**”) (as the financing entity) and Ping An Real Estate Co., Ltd.* (平安不動產有限公司) (“**Ping An Real Estate**”) (as the trustee) entered into the debt investment contract (the “**Debt Investment Contract**”) in respect of a proposed real estate debt investment scheme (the “**Debt Investment Scheme**”). The Debt Investment Scheme, which is targeted at qualified investors in the People’s Republic of China (the “**PRC**”), is initiated by Ping An Real Estate, which will also manage the same for the benefit of the beneficiaries of the fund-raising under the Debt Investment Scheme and supervised by an independent supervisor to be appointed by such beneficiaries (the “**Independent Supervisors**”). All of the funds raised pursuant to the Debt Investment Scheme will be invested in GZ Nansha (in the form of debt), which will use such funds solely for the development and construction of the Nansha Southern Le Sand VII Project (廣州南沙濱海花園七期), which is located in Nansha District, Guangzhou, the PRC (the “**Investment Project**”).

On 11 September 2017, Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) (“**GCCD**”), a 95%-owned subsidiary of the Company, provided an unconditional, irrevocable, joint and several guarantee for all the principal and interest on the debts under the investment funds relating to the Debt Investment Scheme (the “**Funds**”) while each of the Company and Guangzhou City Construction & Development Group Co. Ltd.* (廣州市城市建設開發集團有限公司) (“**GZ Development Group**”), an indirect wholly-owned subsidiary of the ultimate controlling shareholder of the Company, provided an unconditional, irrevocable, joint and several guarantee for the principal and interest on the debts under the Funds in proportion to their equity interest in GZ Nansha.

THE DEBT INVESTMENT SCHEME ARRANGEMENTS

Term: The Debt Investment Scheme shall have a term of five years, commencing from the date on which Ping An Real Estate transfers for the first time the trust funds from the custody account into the special debt investment fund account of GZ Nansha in accordance with the Debt Investment Contract (the “**Debt Investment Scheme Effective Date**”) and ending on the fifth anniversary of the Investment Scheme Effective Date (or the second anniversary of the Investment Scheme Effective Date, subject to early termination as provided in the Debt Investment Contract) (the “**Debt Investment Scheme Maturity Date**”).

Within 90 days prior to the second anniversary of the Debt Investment Scheme Effective Date, each of GZ Nansha and Ping An Real Estate shall have the right to early repay or demand early repayment of (as the case may be) all the remaining balance of principal of the Funds and to early terminate the Debt Investment Scheme by notice in writing to the other party.

Interest calculation method: Interest payable by GZ Nansha is calculated at a fixed rate of 5.8% per annum.

Drawdown: Subsequent to, among others, the Debt Investment Scheme being successfully registered with the institution designated by the China Insurance Regulatory Commission (“**CIRC**”), GZ Nansha may apply to Ping An Real Estate to drawdown on the Funds for a maximum of four times. The first application for drawdown should be made within three months after the successful registration with the institution designated by the CIRC and the amount of Funds to be drawn down should not be less than 20% of the total fund amount. Other than the last application, the amount of Funds to be drawn down at each drawdown should not be less than the actual amount of Funds raised in that tranche of fund-raising.

Fees chargeable by Ping An Real Estate, Ping An Bank and Independent Supervisor under the Debt Investment Scheme:

Ping An Real Estate is entitled to receive a management fee (the “**Trustee’s Management Fees**”) for its services under the Debt Investment Scheme, which are based on the remaining balance of principal of the Funds, an annual rate of approximately 25-30BP and the actual number of days in the interest-bearing period during which GZ Nansha uses the Funds.

Ping An Bank Co., Ltd. (平安銀行股份有限公司) (“**Ping An Bank**”) is entitled to receive custodian fees (the “**Custodian Fees**”) which are based on the remaining balance of principal amount of the Funds, an annual rate of approximately 1BP and the actual number of days in the interest-bearing period during which GZ Nansha uses the Funds.

The service fees chargeable by the Independent Supervisor are based on the remaining balance of principal amount of the Funds, an annual rate of approximately 0.5BP and the actual number of days in the interest-bearing period during which GZ Nansha uses the Funds.

All of the fees shall be paid out of the Funds and all assets, income and rights derived from the management, usage, dealing or otherwise of the Funds.

APPLICATION FOR REGISTRATION AND CONDITIONS TO THE ESTABLISHMENT OF THE INVESTMENT SCHEME

An application will be made by Ping An Real Estate with the institution designated by the CIRC for the registration of the Debt Investment Scheme with a total investment size of not more than RMB3 billion. The Debt Investment Scheme shall be established after it has been registered with the institution designated by the CIRC and the successful raising of an initial minimum amount of Funds equivalent to 20% of the total fund amount in the first tranche of fund raising. In the event that the abovementioned initial minimum amount of Funds does not meet the threshold of 20% of the total fund amount, the Debt Investment Scheme will not be established, and the Debt Investment Contract will lapse and terminate automatically. If the Debt Investment Scheme fails to be established, no Trustee’s Management Fee is payable.

REPAYMENT OF PRINCIPAL AMOUNT OF THE FUNDS

GZ Nansha shall repay the principal amount of the Funds in four instalments as follows:

	Repayment date	Amount to be repaid
1st payment	Corresponding date in the month within which the 2nd anniversary of the Debt Investment Scheme Effective Date falls	10% of the principal amount of the Funds
2nd payment	Corresponding date in the month within which the 3rd anniversary of the Debt Investment Scheme Effective Date falls	30% of the principal amount of the Funds
3rd payment	Corresponding date in the month within which the 4th anniversary of the Debt Investment Scheme Effective Date falls	30% of the principal amount of the Funds
4th payment	Corresponding date in the month within which the 5th anniversary of the Debt Investment Scheme Effective Date falls	30% of the principal amount of the Funds

If any due date falls on a statutory national holiday, it shall be delayed to the next business day thereafter. On the Debt Investment Scheme Maturity Date, GZ Nansha shall pay all accrued but unpaid interest on the Funds, principal amount of the Funds and any other outstanding payable amount.

REASONS FOR AND BENEFITS OF THE DEBT INVESTMENT SCHEME

The Board is of the view that the Funds to be raised under the Debt Investment Scheme can provide GZ Nansha with the necessary capital to finance the development and construction of the Investment Project.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, (i) GZ Nansha is owned as to 90% by GCCD and as to 10% by a 99.75%-owned subsidiary of the Company; (ii) Ping An Real Estate indirectly owns 49% of the equity interest in Guangzhou Dongyao Real Estate Investment Company Limited* (廣州東耀房地產開發有限公司) (“**GZ Dongyao Real Estate**”). The remaining 51% equity interest in GZ Dongyao Real Estate is owned by a wholly-owned subsidiary of GZ Nansha; and (iii) Ping An Bank is a subsidiary of Ping An Insurance (Group) Company of China, Ltd (中國平安保險(集團)股份有限公司), which indirectly owns approximately 99.6% of the equity interest in Ping An Real Estate. As such, Ping An Real Estate is an indirect substantial shareholder of GZ Dongyao Real Estate and both Ping An Real Estate and Ping An Bank are connected persons (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company at subsidiary level. The transactions contemplated under the Debt Investment Contract, the trust contract (to be entered into between Ping An Real Estate and the subscribers to the Debt Investment Scheme) and the custodian contract (to be entered into between Ping An Real Estate and Ping An Bank) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Custodian Fees and the Trustee’s Management Fees to be paid to Ping An Bank and Ping An Real Estate, respectively, are expected to be less than the de minimis threshold (as provided in the Listing Rules) and therefore, will be regarded as de minimis connected transactions and will be exempt from announcement, reporting and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

WARNING

The registration of the Debt Investment Scheme is subject to the approval by the institution designated by the CIRC and the raising of the Funds will be subject to a number of conditions and may or may not proceed. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules. Shareholders of the Company and potential investors should exercise caution when dealing in or investing in the shares of the Company.

