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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)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 50% INTEREST IN A PRC COMPANY**  
**WHICH OWNS A PIECE OF LAND IN HAIKOU CITY**

The Board is pleased to announce that on 24 November 2012, the Purchaser and the Purchaser's Guarantor entered into the Agreement with the Vendor and the Vendor's Guarantor. Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 50% of the equity interest in the Target Company at the consideration of RMB350 million. The Purchaser has also agreed to provide shareholder's loans in the amounts of RMB650 million in aggregate to the Target Company. The Purchaser will be entitled to appoint the majority of the directors of the Target Company.

The Target Company owns a piece of land located in Simapo Island (司馬坡島), Nan Du Jiang (南渡江), Haikou City, Hainan Province. It is currently planned that, among other things, a hotel and high end properties for resort and holidays will be built on the Land.

As one of the applicable percentage ratios exceeds 5% but is lower than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**A. THE AGREEMENT**

The Board is pleased to announce that on 24 November 2012, the Purchaser and the Purchaser's Guarantor, both subsidiaries of the Company, entered into the Agreement with the Vendor and the Vendor's Guarantor. Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Interest. The principal terms of the Agreement are summarised below:

**1. Date**

24 November 2012.

## **2. Parties**

- (i) the Vendor;
- (ii) the Vendor's Guarantor;
- (iii) the Purchaser; and
- (iv) the Purchaser's Guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendor and the Vendor's Guarantor and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

## **3. Assets to be acquired by the Group**

50% of the equity interest in the Target Company. It is a term of the Agreement that the Target Company shall be consolidated into the financial statements of the Purchaser and the Vendor will cooperate with the Purchaser to achieve this.

## **4. Consideration and its payment**

The Consideration is RMB350 million. The Consideration was arrived at through arm's length negotiation amongst the parties and has taken into account, among other things, the value of the Land at approximately RMB2.4 billion as at 23 August 2012 according to a valuation report prepared by a PRC valuer, the liabilities of the Target Company and the Purchaser's unilateral obligations to provide shareholder's loans in the amounts of RMB650 million. The Consideration will be funded by internal resources.

The Purchaser will pay RMB30 million within 5 working days of the date of the Agreement as earnest money. The balance of RMB320 million will be paid within 10 working days after completion of the registration of change of shareholding.

The Vendor may seek damages from the Purchaser or the Purchaser's Guarantor if the Purchaser failed to pay the Consideration in accordance with the Agreement.

## 5. Purchaser's Loans

After Completion, the Purchaser will provide shareholder's loans in the amounts of RMB650 million in aggregate to the Target Company before 31 December 2013 on the following terms:

- (a) the Purchaser's Loans will be provided by six instalments respectively, each at the interval of every two months commencing from the first month after the full payment of the Consideration;
- (b) the Purchaser's Loans will be secured by property rights type hotels (產權式酒店) with area of not less than 6,500 square metres which will form part of the Project;
- (c) the Purchaser's Loans will be repaid as follows:

<b>Principal amounts to be repaid</b>	<b>Percentage of the aggregate loans</b>	<b>Timing of repayment</b>
RMB195 million	30%	before 31 December 2014
RMB195 million	30%	before 31 December 2015
RMB260 million	40%	before 31 December 2016

- (d) the interest rate on the Purchaser's Loans will be the same interest rate published by the People's Bank of China for loans of same period.

The Vendor is not required to provide shareholder's loans to the Target Company under the Agreement like the Purchaser as described above. However, the Vendor will be obliged to provide shareholder's loans to the Project Company if the RMB650 million shareholder's loans provided by the Purchaser and the loans provided by the Chargee are not sufficient for the purpose of the Project. The Purchaser's Loans will be funded by internal resources.

## 6. Conditions

Completion is subject to the fulfilment of the following conditions:

- (a) the Target Company and the Haikou City Land Resources Bureau (海口市國土資源局) have signed a supplemental agreement in relation to State-owned land use rights grant contract confirming that, among other things:
  - (i) the Target Company acquired all the rights and obligations under the land grant contract (including the relevant supplemental agreements) in relation to the Land and that the Target Company is the grantee of the land use right and the party to construct the Project;

- (ii) the nature of the usage of the Land is land for sports and supporting facilities; the main functions being supporting services and facilities for physical education training, water sports, entertainment, leisure, pier and sports training;
  - (iii) the land premium of the Land has been fully paid and there is no outstanding liability regarding late payments; and
  - (iv) the plot ratio (容積率) having been changed to 0.06; and
- (b) the Target Company having obtained approvals from the relevant governmental bodies of Haikou City confirming that:
- (i) the nature of the properties as recorded on the construction planning permit (建設工程規劃許可證) is property rights type (garden) hotels (產權式(花園)酒店); and
  - (ii) re-confirmation of the timing of the commencement and completion of the construction works for the Project as approved by the Purchaser and the Purchaser's Guarantor.

None of the Conditions can be waived by any party. The Condition set out in (a) and (b)(i) above have already been fulfilled as at the date of this announcement. The only outstanding Condition is the Condition set out in (b)(ii) above.

## **7. Documents for Completion**

Under the Agreement, the Vendor and/or the Vendor's Guarantor must use their best endeavours to deliver certain documents to the Purchaser within 30 days of fulfilment of the Conditions for the purpose of Completion including but not limited to a report issued by an accounting firm certifying that financial status of the Target Company complied with what is specified in the Agreement.

If the Vendor and/or the Vendor's Guarantor failed to deliver the requisite documents in accordance with the Agreement, the Purchaser may postpone the registration of change of shareholding, payment of Consideration and provision of shareholder's loans.

## **8. Board of directors**

The board of directors of the Target Company will be comprised of 5 directors of which 3 shall be appointed by the Purchaser and the remaining 2 shall be appointed by the Vendor.

## **B. INFORMATION ON THE TARGET COMPANY AND THE PROJECT**

The Target Company is a company with limited liability established in Haikou City (海口市) of the PRC on 31 August 2009. As at the date of this announcement, the registered capital of the Target Company is RMB523,613,085 and has been fully paid up. The scope of business of the Target Company includes construction and operation of facilities for culture and sports and the ancillary hotels on Simapo Island (司馬坡島). As at the date of this announcement, both the entire equity interest of the Target Company and the Land are subject to the pledges created in favour of the Chargee. Prior to the signing of the Agreement, the Chargee has issued a letter giving its consent to the sale and purchase of the Sale Interest between the Vendor and the Purchaser.

The Project has a site area (用地面積) of approximately 1,130,000 square metres and a total gross floor area (總建築面積) of approximately 68,000 square metres. It is currently planned that, among other things, a hotel and high end properties for resort and holidays will be built on the Land. It is currently expected that the high end properties for resort and holidays will be offered for sale after completion at its latest while the hotel will be held by the Target Company after completion.

Since the Project is still in the construction phase, no profit has been recorded by the Target Company for the two financial years immediately preceding the date of this announcement.

As at 31 August 2012, the unaudited total asset value of the Target Company was approximately RMB947,298,546.65, and its unaudited net asset value was RMB484,622,264.50.

## **C. INFORMATION ON THE GROUP AND THE PARTIES TO THE AGREEMENT**

The Group is principally engaged in development, selling and management of properties.

The Purchaser is an indirect non wholly-owned subsidiary of the Company whose scope of business includes development, leasing and management of properties.

The Vendor is the sole shareholder of the Target Company as at the date of this announcement. It is a company established in the PRC whose scope of business includes investment and operation of industries and commerce, management and operation of the capital of its controlled companies.

The Vendor's Guarantor is a company incorporated in Hong Kong whose scope of business includes investment in media, tourist sector and real property.

#### **D. REASONS AND BENEFITS FOR THE ACQUISITION**

The Project was named a major development project of Hainan Province in 2010. Based on the Company's previous experience in the development of high end properties in Haikou City, Ershadao (二沙島) and Guangzhou International Finance Center\* (廣州國際金融中心) in Guangzhou City, participation in the development of major project of Hainan Province with landmark significance is to the advantage of the Company in relation to the future expansion of the Company's properties business in Hainan Province, can further strengthen the Company's strategy of "home base in Guangzhou and strategic expansion nationwide" and represents further expansion of the Company's business scope.

Haikou City is the capital of Hainan province. It plays a significant role in the economic development of Hainan province and is a prominent tourist spot in southern China. The Directors believe that there are abundant opportunities for developing tourism related real properties in Haikou City. The Acquisition represents a significant step of the Group in establishing a strategically advantaged position in that region.

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

#### **E. IMPLICATIONS UNDER LISTING RULES**

As one of the applicable percentage ratios exceeds 5% but is lower than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meaning:

- “Acquisition” means the acquisition of the Sale Interest by the Purchaser pursuant to the Agreement;
- “Agreement” means the equity interest transfer agreement dated 24 November 2012 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Interest;
- “Board” means the board of Directors;
- “Chargee” means China Development Bank, Hainan provincial branch;
- “Company” means Yuexiu Property Company Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange and the stock exchange operated by Singapore Exchange Securities Trading Limited;
- “Completion” means completion of the sale and purchase of the Sale Interest;
- “Conditions” means the conditions precedent to Completion;
- “connected persons” has the meaning ascribed to it under the Listing Rules;
- “Consideration” means the consideration payable by the Purchaser for the acquisition of the Sale Interest pursuant to the Agreement, being RMB350 million;
- “Directors” means the directors of the Company;
- “Group” means the Company and its subsidiaries;
- “Hong Kong” means the Hong Kong Special Administrative Region of the PRC;

“Land”	means the piece of land located at Simapo Island (司馬坡島), Nan Du Jiang (南渡江), Haikou City, Hainan Province, PRC which is owned by the Target Company;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	means the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Project”	means the project to develop the Land into high end real properties which integrate, among other things, a hotel and high end properties for resort and holidays;
“Purchaser”	means 廣州東輝房地產開發有限公司 (Guangzhou Donghui Property Development Limited*), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company;
“Purchaser’s Guarantor”	means 廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd. *), a company established in the PRC and a non wholly-owned subsidiary of the Company;
“Purchaser’s Loans”	means the shareholder’s loans in the amounts of RMB650 million in aggregate to be provided by the Purchaser pursuant to the Agreement, details of which are summarized in the section headed “Purchaser’s Loans”;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale Interest”	means 50% equity interest in the Target Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Target Company”	means 海南白馬建設開發有限公司 (Hainan White Horse Property Development Limited*), a company established in the PRC;



“Vendor” 海南白馬控股有限公司 (Hainan White Horse Holdings Limited\*), a company established in the PRC;

“Vendor Guarantor” means White Horse Holdings Limited 白馬集團有限公司, a company incorporated in Hong Kong; and

“%” means percentage.

By Order of the Board  
**Yuexiu Property Company Limited**  
**LU Zhifeng**  
*Chairman*

Hong Kong, 26 November 2012

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

*Executive Directors: LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, CHEN Zhihong and LAM Yau Fung Curt*

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

*\* For identification purpose only*