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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)**

## **CONNECTED TRANSACTION**

### **PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF JANKON INTERNATIONAL LIMITED, TAKWILL INTERNATIONAL LIMITED, LIGHT HOME DEVELOPMENT LIMITED, CITILAND INTERNATIONAL LIMITED AND CHARCON DEVELOPMENT LIMITED AND ASSIGNMENT OF SHAREHOLDERS' LOANS**

The Board is pleased to announce that on 11 May 2013, the Seller (being an indirect wholly-owned subsidiary of the Company) and the Purchaser (being a wholly-owned subsidiary of Yue Xiu Enterprises) entered into the Sale and Purchase Deed pursuant to which the Seller has conditionally agreed to (1) sell the entire issued share capital of each of the Disposed Companies, which together hold the Project Company and which in turn holds the Property, and (2) assign the Shareholders' Loans to the Purchaser, the aggregate consideration of which is RMB830,000,000.

As at the date of this announcement, Yue Xiu Enterprises indirectly holds 49.77% of the issued share capital of the Company and is thus an indirect substantial shareholder of the Company. As such, the Purchaser is a connected person of the Company by virtue of being an associate of Yue Xiu Enterprises. Accordingly, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

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## **PRINCIPAL TERMS OF THE SALE AND PURCHASE DEED**

Date : 11 May 2013

### **Parties**

The Seller: Yuexiu Property (China) Company Limited, an indirect wholly-owned subsidiary of the Company

The Purchaser: Joint House Investments Limited, a wholly-owned subsidiary of Yue Xiu Enterprises

### **Subject matter**

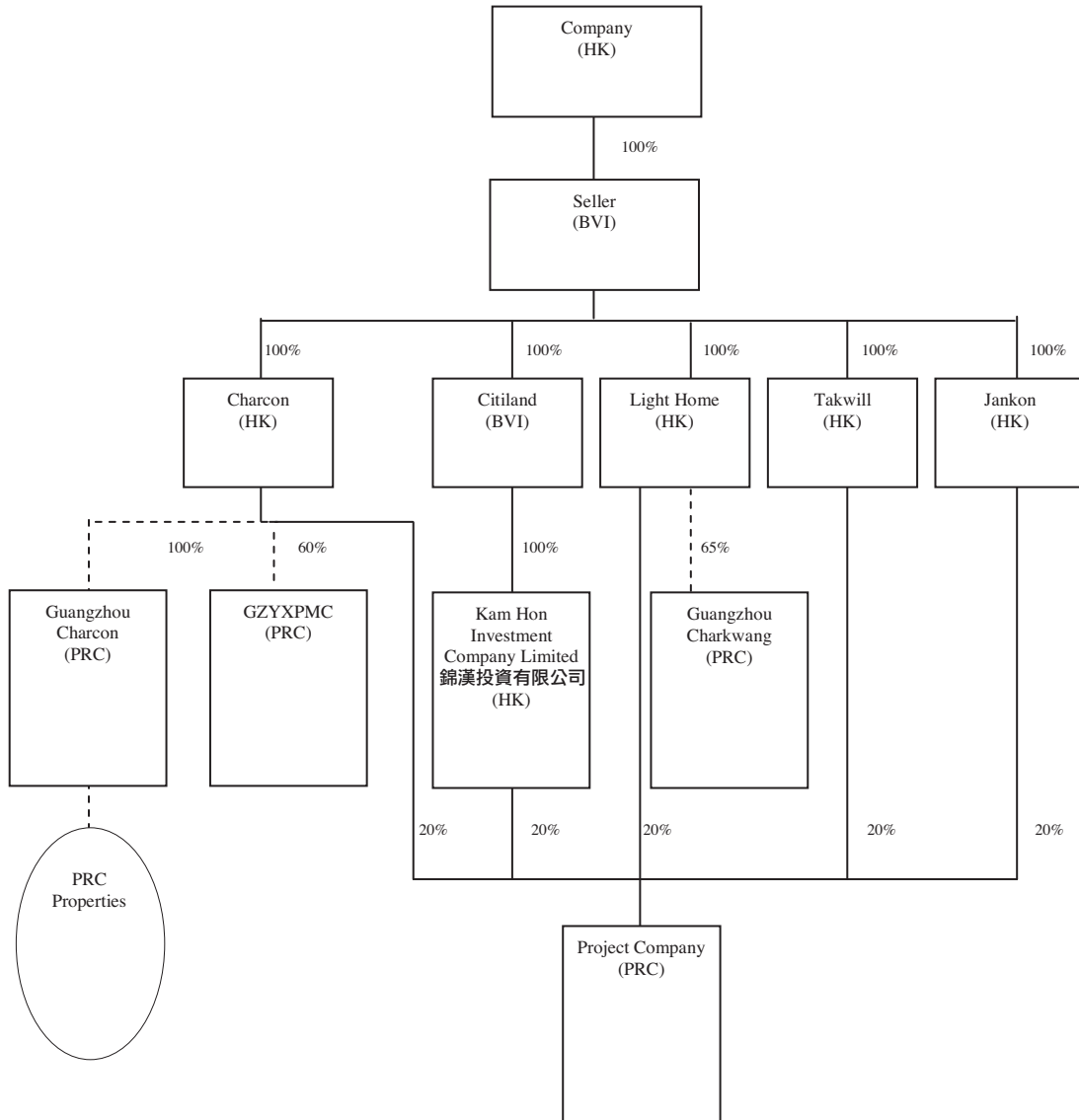
Pursuant to the Sale and Purchase Deed, the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of each of the Disposed Companies free from all encumbrances and together with all rights attaching to them or becoming attached or accruing thereto on or after Completion. The Disposed Companies own (either directly or indirectly) 100% of the equity interest in the Project Company, which in turns owns the Property. The Seller has also conditionally agreed to assign and the Purchaser has conditionally agreed to accept, all of the Seller's rights, title, interest and benefits in and to the Shareholders' Loans free from all encumbrances and including the right to receive all future payments of interest and other amounts which become due in respect of the Shareholders' Loans.

Aside from the Property, the Project Company also owns the City Plaza Units, which will not form part of the Transaction. On 11 May 2013, the Project Company entered into a sale and purchase agreement with Guangzhou Charcon pursuant to which the Project Company agreed to sell, and Guangzhou Charcon agreed to purchase, the City Plaza Units for an aggregate consideration of RMB74,500,000. Completion of the sale and purchase of the City Plaza Units is expected to take place on or before 30 June 2013. As the sales proceeds of the City Plaza Units were not taken into account in determining the Consideration, in the event that completion of the sale and purchase of the City Plaza Units takes place after the Completion Date, the Purchaser has agreed to procure the Project Company to, forthwith upon receipt of the sales proceeds for the City Plaza Units, pay to the Seller (or such other party as it may direct) an amount equal to such sales proceeds (after deduction of any tax payable for such sale).

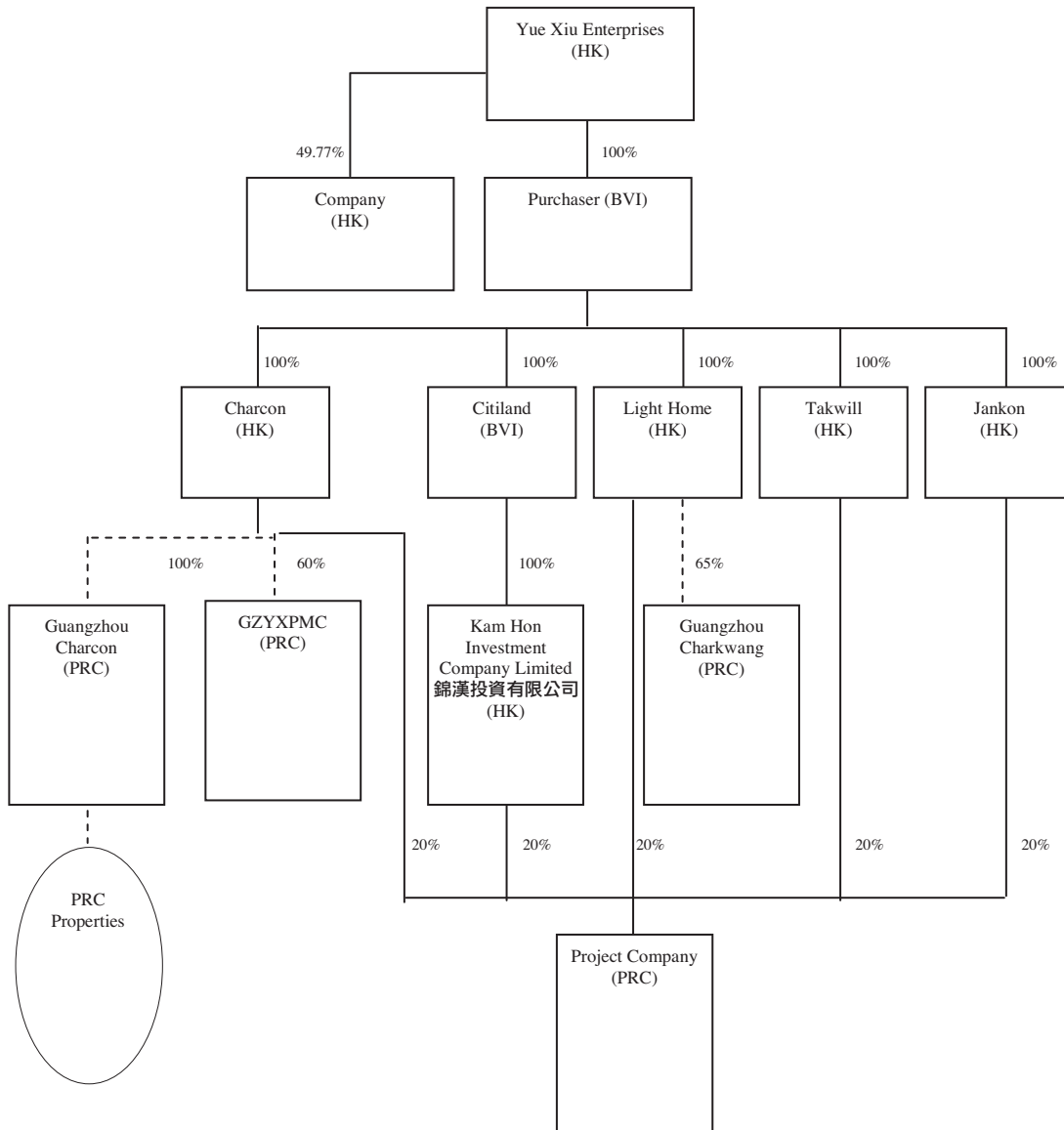
In addition to the equity interest in the Project Company, Charcon owns 60% of the equity interest in GZYXPMC ,which engages in managing and operating commercial and residential buildings, office premises, commercial multi-purpose complex, car parks and wholesale and retail facilities, and 100% of Guangzhou Charcon while Light Home owns 65% of the equity interest in Guangzhou Charkwang ,which engages in property development and investment. As the Transaction only involves the disposal of the Seller's indirect interest in the Project Company and in turn the Property, the Seller and the Purchaser have agreed that the Charcon Sale Shares and the Light Home Sale Shares will not be transferred to the Purchaser until Charcon has disposed of its 60% equity interest in GZYXPMC and 100% of the equity interest in Guangzhou Charcon and Light Home has disposed of its 65% of the equity interest in Guangzhou Charkwang, respectively. From Completion until such time as the Charcon Sale Shares or the Light Home Sale Shares (as the case may be) are transferred by the Seller to the Purchaser, the Seller and the Purchaser agree that each of Charcon and Light Home shall be deemed to hold (and the Seller shall procure Charcon or Light Home (as the case may be) to hold) their respective 20% equity interest in the Project Company on trust for the Purchaser and that all rights and benefits attaching to such equity interest shall belong to the Purchaser and all obligations and liabilities attaching to such equity interest shall be assumed by the Purchaser, in each case with effect from Completion. In addition and without limiting the generality of any of the foregoing, the Purchaser shall indemnify the Seller, Charcon and Light Home for any loss that they may suffer as a result of Charcon or (as the case may be) Light Home holding such equity interest on trust for the Purchaser or in connection with Charcon's or (as the case may be) Light Home's 20% equity interest in the Project Company.

## Holding Structure of the Property

The simplified holding structure of the Property immediately before the date of the Sale and Purchase Deed is as follows:



The expected simplified holding structure of the Property immediately after Completion will be as follows:



## The Property

The Property comprises the Land and the buildings and structures erected on it, being the real property known as “Jin Han Building” (錦漢大樓) as well as a 4-storey basement. It is located north-west of the junction of Liuhua Road and Jiefang Bei Road, Yuexiu District, Guangzhou, PRC. The site area of the Land is 23,438 sqm, and the plot ratio is 2.5. Jin Han Building has a total gross floor area of approximately 19,150 sqm and was completed in about 1991. The 4-storey basement for the metro line 2 (which passes through underneath Jin Han Building) has a gross floor area of approximately 15,375 sqm and was completed in about 2002. The approved usage of the Land is retail, wholesale, commerce, finance and street uses.

## **Property valuation**

As at 31 March 2013, the Appraised Property Value of the Property as valued by the Valuer was RMB 830,000,000.

The original cost of the Land was RMB 415,004,474 while the construction cost of Jin Han Building (錦漢大樓) and the 4-storey basement was RMB 219,955,562 in aggregate.

## **Consideration**

The Consideration shall be the aggregate of (i) the consideration for the Assignment of Shareholders' Loans, being the dollar-for-dollar amount of the Shareholders' Loans as at the Completion Date; and (ii) RMB171,492,395, being the consideration for the Sale Shares, which shall be paid by the Purchaser to the Seller in the following manner:

- (a) 60% of the Consideration shall be paid in cash on the Completion Date; and
- (b) the remaining 40% of the Consideration shall be paid in cash on the date falling 3 months after the Completion Date.

## **Basis of Determination of the Consideration**

The Consideration was agreed between the Purchaser and the Seller after arm's length negotiations with reference to the Appraised Property Value as valued by the Valuer and taking into account the aggregate net asset value of the Disposed Companies attributable to the Company as at 30 April 2013 and the aggregate amount of the Shareholders' Loans as at the date of the Sale and Purchase Deed, with reference only to the Disposed Companies' interests in the Project Company.

The Board considers that the Consideration for the Transaction is fair and reasonable.

## **Completion**

Completion will take place at such place as the Seller and the Purchaser may agree in writing on the Completion Date.

## FINANCIAL INFORMATION OF THE DISPOSED COMPANIES

The following table sets out the unaudited net profit before and after taxation of the Disposed Companies for the two financial years ended 31 December 2012:

	<b>For the year ended 31 December 2011 <i>RMB'000</i></b>	<b>For the year ended 31 December 2012 <i>RMB'000</i></b>
Unaudited net profit excluding one-off items (before taxation )	8,114	7,896
Unaudited net profit excluding one-off items (after taxation)	6,001	5,947

As at 31 December 2012, the unaudited aggregate net asset value of the Disposed Companies attributable to the Company was approximately RMB119,474,000. As at 30 April 2013, the unaudited aggregate net asset value of the Disposed Companies attributable to the Company was approximately RMB116,902,662.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Yue Xiu Enterprises indirectly holds 49.77% of the issued share capital of the Company and is thus an indirect substantial shareholder of the Company. As such, the Purchaser is a connected person of the Company by virtue of being an associate of Yue Xiu Enterprises. Accordingly, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

## REASONS FOR, AND BENEFITS, OF THE TRANSACTION

The Company is principally engaged in property development and investment, mainly multi-purpose complex, office, retail and service apartment properties. The Land, together with Jin Han Building (comprising offices and multi-storeyed car parks), was acquired in the mid 1990's and was held for redevelopment purposes since 1997. Pending redevelopment, the Land was leased out in 2005 for the erection of a temporary structure used for exhibition purposes. The temporary structure was demolished before the end of 2012 on expiry of the then subsisting lease. To the best knowledge and belief of the management of the Company, the government of

Guangzhou City is considering proposals to build and enlarge its exhibition and convention facilities, more particularly the facilities in the Liuhua Exhibition Centre area where the semi-annual Guangzhou trade fairs were held before having been relocated to Pazhou, in the next 5 years. As the Property is located next to the Liuhua Exhibition Centre, the Company anticipates that any proposal to redevelop the Property which is not attuned to the new policy may be delayed or even rejected. If the Property may only be used primarily as convention and meeting facilities, this is not in-line with the business strategy of the Company. Further, substantial capital may be required for developing such convention and meeting facilities. In view of the fact that the Company does not specialize in the exhibition and convention industry, the Board considers that it is risky for the Company to continue to invest in and manage the Property.

The Board considers that it is an appropriate time for the Company to realize the fair value of its investment in the Property. Disposal of the Property will strengthen the Group's cash flow and increase its working capital, which will in turn enhance its financial liquidity.

The Board (including the independent non-executive Directors) considers that the terms and conditions of the Sale and Purchase Deed are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE TRANSACTION**

Subject to Completion, the Company expects to record a gain on the Transaction of approximately RMB30,000,000, which represents the difference between the Consideration and the sum of: (i) the aggregate net asset value of the Disposed Companies as at 30 April 2013, (ii) the aggregate amount of the Shareholders' Loans and (iii) the estimated transaction costs and related expenses for the Transaction.

The total costs for the Transaction (including estimated expenses of approximately RMB5,000,000) shall be equally borne by the Purchaser and the Seller in equal shares, irrespective of whether or not Completion takes place.

Immediately after Completion, Jankon, Takwill and Citiland (and its subsidiary) as well as the Project Company will no longer be subsidiaries of the Company. Accordingly, the assets and liabilities of such companies will not be consolidated into the Group after Completion. Charcon and Light Home will only cease to be subsidiaries of the Company after completion the transfer of the Charcon Sale Shares or the Light Home Sale Shares (as the case may be) to the Purchaser and, thus, the assets and liabilities of such companies will only cease to be consolidated into the Group after completion of the relevant transfer.



## **USE OF PROCEEDS**

The net proceeds from the Transaction will be used for general corporate purposes and refinancing of certain indebtedness.

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

### **The Company**

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123) and on the SGX-ST. It is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, Yangtze River Delta, Bohai Rim Economic Zone and Central Region.

### **The Purchaser**

The Purchaser is a wholly-owned subsidiary of Yue Xiu Enterprises. Its principal activity is investment holding.

### **The Seller**

The Seller is an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

### **The Project Company**

The Project Company is a limited liability company established in the PRC, which is formed principally for the purpose of holding and developing the Property.

## **DEFINITIONS**

“Appraised Property Value”	RMB830,000,000, being the value of the Property as at 31 March 2013 as appraised by the Valuer
“Assignment of Shareholders’ Loans”	the assignment by the Seller of the Shareholders’ Loans to the Purchaser on a dollar-for-dollar basis on the terms and subject to the conditions of the Sale and Purchase Deed
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Charcon”	Charcon Development Limited, a limited liability company incorporated under the laws of Hong Kong and which is a wholly-owned subsidiary of the Seller
“Charcon Sale Shares”	the entire issued share capital of Charcon, being 10,000 shares of HK\$1.00 each
“Citiland”	Citiland International Limited, a limited liability company incorporated under the laws of the BVI and which is a wholly-owned subsidiary of the Seller
“Citiland Sale Share”	the entire issued share capital of Citiland, being one share of US\$1.00
“City Plaza Units”	the two units in the real property known as “City Plaza” (namely, Units 101 and 102 of No. 439 of Dongfeng Middle Road, Yuexiu District, Guangzhou, PRC) held by the Project Company, which shall not form part of the Transaction
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123) and on the SGX-ST, which is indirectly owned as to 49.77% by Yue Xiu Enterprises
“Completion”	the completion of the Disposal and the Assignment of Shareholders’ Loans
“Completion Date”	the date on which Completion takes place, which shall be a date as shall be agreed by the Purchaser and Seller in writing and which shall be on or before 22 May 2013 (unless the Purchaser and Seller agree otherwise in writing)
“Consideration”	the aggregate of the consideration for the Assignment of Shareholders’ Loans and the Share Consideration
“Directors”	the directors of the Company

“Disposal”	the sale by the Seller of the Sale Shares to the Purchaser on the terms and subject to the conditions of the Sale and Purchase Deed
“Disposed Companies”	collectively, Jankon, Takwill, Light Home, Citiland and Charcon
“Group”	collectively, the Company and its subsidiaries
“Guangzhou Charcon”	廣州市祥港房地產開發有限公司 (Guangzhou Charcon Real Estate Co. Ltd.), a limited liability company incorporated in the PRC which is a wholly-owned subsidiary of Charcon
“Guangzhou Charkwang”	廣州市祥廣房地產開發有限公司 (Guangzhou Charkwang Real Estate Company Limited), a limited liability company incorporated in the PRC which is owned as to 65% by Light Home
“GZYX”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), a limited liability company incorporated in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“GZYXPMC”	廣州越秀物業管理有限公司 (Guangzhou Yue Xiu Property Management Company Limited), a limited liability company incorporated in the PRC which is owned as to 60% by Charcon
“HK\$” or “Hong Kong Dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jankon”	Jankon International Limited, a limited liability company incorporated under the laws of Hong Kong and which is a wholly-owned subsidiary of the Seller
“Jankon Sale Shares”	the entire issued share capital of Jankon, being 10,000 shares of HK\$1.00 each
“Land”	the parcel of land with a site area of 23,438 sqm located north-west of the junction of Liuhua Road and Jiefang Bei Road, Yuexiu District, Guangzhou, PRC

“Light Home”	Light Home Development Limited, a limited liability company incorporated under the laws of Hong Kong and which is a wholly-owned subsidiary of the Seller
“Light Home Sale Shares”	the entire issued share capital of Light Home, being 10,000 shares of HK\$1.00 each
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China but excluding, for the purpose of this Announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	廣州體育大廈有限公司(Guangzhou Tiyu Building Company Limited), a limited liability company incorporated in the PRC which developed and owns the Property
“Property”	collectively, the Land and the buildings and structures erected on it, being the real property known as “Jin Han Building” (錦漢大樓) as well as a 4-storey basement
“Purchaser”	Joint House Investments Limited, a limited liability company incorporated under the laws of the BVI and which is a wholly-owned subsidiary of Yue Xiu Enterprises
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Deed”	the conditional sale and purchase deed dated 11 May 2013 entered into between the Purchaser and the Seller in relation to the Transaction
“Sale Shares”	collectively, the Jankon Sale Shares, the Takwill Sale Shares, the Light Home Sale Shares, the Citiland Sale Share and the Charcon Sale Shares
“Seller”	Yuexiu Property (China) Company Limited, a limited liability company incorporated under the laws of the BVI and which is an indirect wholly-owned subsidiary of the Company
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Share Consideration”	RMB171,492,395

“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholder”	any person registered as holding a Share on the register of members of the Company and any person holding Shares through CCASS
“Shareholders’ Loans”	the aggregate amount owing from each of Jankon, Takwill, Light Home, Citiland and Charcon (only in respect of its investment interest in the Project Company) to the Seller as at the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in section 5 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules
“Takwill”	Takwill International Limited, a limited liability company incorporated under the laws of Hong Kong and which is a wholly-owned subsidiary of the Seller
“Takwill Sale Shares”	the entire issued share capital of Takwill, being 10,000 shares of HK\$1.00 each
“Transaction”	collectively the Disposal, the Assignment of the Shareholders’ Loans and transactions contemplated under the Sale and Purchase Deed
“US\$”	the lawful currency of the United States of America
“Valuer”	Greater China Appraisal Limited
“Yue Xiu Enterprises”	Yue Xiu Enterprises (Holdings) Limited, a limited liability company incorporated under the laws of Hong Kong, and which is a wholly-owned subsidiary of GZYX

*For the purpose of this Announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the exchange rate of US\$1 to HK\$7.8, and conversion of RMB into HK\$ is calculated at the exchange rate of RMB0.80 to HK\$1.00. This exchange rate is for illustration purposes only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

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

Hong Kong, 13 May 2013

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

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

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