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CONNECTED TRANSACTION IN RESPECT OF THE SECOND COOPERATION AGREEMENT

The Board is pleased to announce that as the Project Company wishes to introduce another investor to invest in and develop the Land Parcel, on 22 November 2013, GZHJ, the JV Partner and the Investor entered into the Second Cooperation Agreement, pursuant to which the Investor shall acquire equity interest in the Project Company by way of a capital increase. Pursuant to the Second Cooperation Agreement, GZHJ, the JV Partner and the Investor shall own 5%, 45% and 50%, respectively, of the equity interest of the Project Company. GZHJ's total contribution for the Total Capital Commitment under the Second Cooperation Agreement is RMB226,000,000, being 5% of the Total Capital Commitment.

As the JV Partner is regarded by the Company as a connected person of the Company under the Listing Rules, the formation of joint venture between the Parties pursuant to the Second Cooperation Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of such transaction is more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

Reference is made to the announcement of the Company dated 31 October 2013 (the "**Announcement**"). Unless otherwise stated, terms defined in the Announcement shall have the same meaning when used herein.

BACKGROUND

On 31 October 2013, upon successful bidding of the Land Parcel, GZHJ and the JV Partner entered into: the (i) Bid Confirmation with the Transaction Center; and (ii) the Cooperation Agreement between themselves in respect of the establishment of the Project Company for the acquisition and development of such Parcel.

As the Project Company wishes to introduce another investor to invest in and develop the Land Parcel, on 22 November 2013, GZHJ, the JV Partner and the Investor entered into the Second Cooperation Agreement, pursuant to which the Investor shall acquire equity interest in the Project Company by way of a capital increase.

PRINCIPAL TERMS OF THE SECOND COOPERATION AGREEMENT

Date: 22 November 2013

Parties: (1) GZHJ
(2) The JV Partner
(3) The Investor, an Independent Third Party

Capital Commitments

Pursuant to the Cooperation Agreement, GZHJ and the JV Partner had paid RMB5,000,000 and RMB45,000,000 respectively to the Project Company as its registered capital in proportion to their equity interests held in the Project Company (i.e. 10%:90%).

Pursuant to the Second Cooperation Agreement, GZHJ, the JV Partner and the Investor shall own 5%, 45% and 50%, respectively, of the equity interest of the Project Company. The registered capital of the Project Company shall increase to RMB2,000,000,000.

The total capital commitment payable by the Parties under the Second Cooperation is RMB4,520,000,000 (the “**Total Capital Commitment**”), which comprises the land premium and other expenses in respect of the Land Parcel, and which will be financed in the following manner:

(1) RMB2,000,000,000 of which shall be payable by GZHJ, the JV Partner and the Investor to the Project Company as its registered capital in the following proportions before 22 November 2013:

- (i) RMB95,000,000 (which is in addition to the RMB5,000,000 already paid by GZHJ pursuant to the Cooperation Agreement) by GZHJ;
 - (ii) RMB855,000,000 (which is in addition to the RMB45,000,000 already paid by the JV Partner pursuant to the Cooperation Agreement) by the JV Partner; and
 - (iii) RMB1,000,000,000 (being 50% of the registered capital of the Project Company) by the Investor;
- (2) RMB180,000,000 will be financed by way of shareholder loans to be made by GZHJ, the JV Partner and the Investor to the Project Company in proportion to their equity interests held in the Project Company (i.e. 5%:45%:50%) before 4 December 2013; and
- (3) RMB2,340,000,000 will be financed by way of shareholder loans to be made by GZHJ, the JV Partner and the Investor to the Project Company in proportion to their equity interests held in the Project Company (i.e. 5%:45%:50%) before 20 February 2014.

Accordingly, GZHJ's total contribution for the Total Capital Commitment under the Second Cooperation Agreement is RMB226,000,000, being 5% of the Total Capital Commitment.

The Deposit paid by GZHJ together with interests accrued thereon will be repaid to GZHJ by the Project Company.

Compensation

If the registered capital of the Project Company cannot be increased on or before 6 December 2013 for reasons other than any Party's default, each Party shall pay for its portion of the land premium in proportion to their equity interests held in the Project Company. If the registered capital of the Project Company cannot be increased on or before 6 December 2013 due to any Party's default, then the defaulting Party shall pay each non-defaulting Party a compensation fee in the amount of RMB500,000 for each day after 6 December 2013.

If any Party fails to pay for any money payable under the Second Cooperation Agreement by the agreed dates for such payments, then the defaulting Party shall pay the non-defaulting Parties a compensation fee in the amount of 0.05% of the unpaid money for each day late after the agreed dates. Where there are two non-defaulting Parties, they shall receive the compensation fee in proportion to their equity interests.

The defaulting Party shall be required to compensate each other non-defaulting Party for their actual losses caused by the breach of the terms of the Second Cooperation Agreement by the defaulting Party. The Second Cooperation Agreement may not be terminated by the Parties without cause, otherwise the defaulting Party shall compensate each non-defaulting Party for their actual losses.

Management of the Project Company

The Project Company shall have five directors. GZHJ shall appoint one director, the JV Partner shall appoint two directors, and the Investor shall appoint two directors. The JV Partner shall appoint the chairman of the board of directors of the Project Company, who will also be the legal representative of the Project Company. The general manager shall be appointed by the Investor, and the chief financial officer shall be appointed by GZHJ. The remaining members of the operation team shall be appointed by the general manager and employed by the board of directors of the Project Company.

The seal of the legal representative of the Project Company shall be kept in the custody of a designated person of the JV Partner. The financial seal of the Project Company shall be kept in the custody of a designated person of GZHJ, and the company seal of the Project Company shall be kept in the custody of a designated person of the Investor.

Matters that require unanimous approval from shareholders

The following matters require unanimous approval from shareholders:

- (1) deciding on the operational directions and investment plans;
- (2) change of directors and supervisors, and decisions on the remuneration of relevant directors and supervisors;
- (3) review and approval of reports from board of directors;
- (4) review and approval of reports from supervisors;
- (5) review and approval of annual budget and final accounts;
- (6) review and approval of distribution of profits and offset of deficits;
- (7) increase or decrease of registered capital of the Project Company;
- (8) issuance of bonds of the Project Company;
- (9) any resolutions on the merger, de-merger, change in corporate form, dissolution or winding-up of the Project Company;
- (10) change in the nature or scope of the Project Company's business;
- (11) formulate or make any amendments to the articles of association of the Project Company;

- (12) formulate or make any amendments to the rules of procedure of the Project Company; and
- (13) any other matters which will have a material impact on the development and operation of the Project Company.

Profit distribution arrangements

Any profits and risks of the Project Company shall be shared by the Parties in proportion to their respective equity interests in the Project Company.

Call Option

The JV Partner has granted a Call Option to GZHJ for it to acquire all of the equity interest of the Project Company held by the JV Partner. The Investor does not have any call options under the Second Cooperation Agreement, and does not have the right to raise any disagreements to the Call Option of GZHJ.

Save for the reduced equity interest which GZHJ has the option to acquire under the Call Option as disclosed above, the terms of the Call Option under the Cooperation Agreement as disclosed in the Announcement remain unchanged and are enforceable and binding on GZHJ and the JV Partner.

Winding-up of the Project Company

Upon the termination of the Project Company or the early termination of operations of the Project Company or the completion of the sale of all of the properties erected on the Land Parcel, the Project Company shall proceed with winding-up in accordance with relevant laws. The assets of the Project Company will be distributed to its shareholders in proportion to their respective equity interests in the Project Company at the relevant time after the Project Company has been wound up.

Exclusivity

During the term of the Project Company (being the period commencing from the date of the Second Cooperation Agreement until the Project Company has been wound up pursuant to the relevant provision of the Second Cooperation Agreement as described in the paragraph headed “Winding-up of the Project Company” above), unless mutually agreed between the Parties, no Party shall demise all or any part of its rights and benefits to a fourth party who is not a Party to the Second Cooperation Agreement by way of disposal, transfer, assignment by way of gift or otherwise. GZHJ shall not demise any of its equity interest in the Project Company to the Investor. The above restrictions are not applicable to any Party demising all or any part of its rights and benefits to any of its affiliates.

INFORMATION OF THE COMPANY, GZHJ, THE JV PARTNER AND THE INVESTOR

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.

GZHJ

GZHJ is an indirect 95.48% owned subsidiary of the Company incorporated under the laws of the PRC and is principally engaged in property development.

JV Partner

The JV Partner is a limited partnership investment fund established under the laws of the PRC. The JV Partner principally engages in the business of investment, investment advisory and investment management. Guangzhou Yuexiu, which indirectly holds approximately 49.7% of the total issued shares of the Company as of the date of this announcement, is a majority shareholder of the general partner of the JV Partner. The JV Partner is regarded by the Company as a connected person of the Company by virtue of its relationship with Guangzhou Yuexiu.

The Investor

The Investor is a limited liability company established under the laws of the PRC. The Investor principally engaged in the development and operation of real estate, letting of premises, interior design, car park operation and property management. The Investor is an Independent Third Party and not a connected person of the Company.

IMPLICATIONS OF THE LISTING RULES

As the JV Partner is regarded by the Company as a connected person of the Company under the Listing Rules, the formation of joint venture between the Parties pursuant to the Second Cooperation Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of such transaction is more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

DEFINITIONS

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

“Call Option”	the call option granted by the JV Partner to GZHJ for it to acquire all of the equity interest of the Project Company held by the JV Partner
“Independent Third Party”	a third party independent of the Company and not a connected person of the Company
“Investor”	廣東保利房地產開發有限公司 (Guangdong Poly Property Development Limited)*, one of the Parties to the Second Cooperation Agreement
“Parties”	GZHJ, the JV Partner and the Investor, and each a “Party”
“Second Cooperation Agreement”	the cooperation agreement dated 22 November 2013 entered into between GZHJ, the JV Partner and the Investor as supplemented by the memorandum dated 22 November 2013 entered into between GZHJ, the JV Partner and the Investor
“Shareholders”	shareholders of the Company

* *For identification purposes only*

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

Hong Kong, 22 November 2013

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, 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