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(incorporated in Hong Kong with limited liability)

(Stock code: 00123)

DISCLOSEABLE TRANSACTION IN RELATION TO
(1) DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANIES;
(2) ASSIGNMENT OF SHAREHOLDER’S LOANS; AND
(3) DISPOSAL OF THE THIRD BATCH PROPERTY

The Board is pleased to announce that on 23 June 2014 (after trading hours), the Offshore Vendor (an indirect wholly-owned subsidiary of the Company), the Onshore Vendor (an indirect non-wholly owned subsidiary owned as to 95% by the Company), and the Purchaser, entered into the Framework Agreement pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, at the Total Consideration of RMB714,536,000 (approximately HK\$893,170,000), (i) the entire issued share capital of each of the First Batch Target Companies, which indirectly hold the First Batch Properties, respectively, together with the First Batch Shareholder’s Loans; and (ii) the entire issued share capital of each of the Second Batch Target Companies, which indirectly hold the Second Batch Properties, respectively, together with the Second Batch Shareholder’s Loans; and (iii) the Third Batch Property.

As an applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 23 June 2014 (after trading hours), the Offshore Vendor (an indirect wholly-owned subsidiary of the Company), the Onshore Vendor (an indirect non-wholly owned subsidiary owned as to 95% by the Company), and the Purchaser, entered into the Framework Agreement pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, at the Total Consideration of RMB714,536,000 (approximately HK\$893,170,000), (i) the entire issued share capital of each of the First Batch Target Companies, which indirectly hold the First Batch Properties, respectively, together with the First Batch Shareholder's Loans; and (ii) the entire issued share capital of each of the Second Batch Target Companies, which indirectly hold the Second Batch Properties, respectively, together with the Second Batch Shareholder's Loans; and (iii) the Third Batch Property.

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date: 23 June 2014 (after trading hours)

- Parties:**
- (a) Guangzhou Construction & Development Holdings (China) Limited (i.e. the Offshore Vendor), an indirect wholly-owned subsidiary of the Company, as the vendor in respect of the First Batch Target Companies, the First Batch Shareholder's Loans, the Second Batch Target Companies and the Second Batch Shareholder's Loans.
 - (b) Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) (i.e., the Onshore Vendor), an indirect non-wholly owned subsidiary owned as to 95% by the Company, as the vendor in respect of the Third Batch Property.
 - (c) Up Surge Global Limited, as the Purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of

The assets to be disposed by the Vendors pursuant to the Framework Agreement comprise the Sale Shares, the Shareholder's Loans and the Third Batch Property. The Sale Shares represent the entire issued share capital of each of the First Batch Target Companies (which indirectly hold the First Batch Properties, respectively) and the entire issued share capital of each of the Second Batch Target Companies (which indirectly hold the Second Batch Properties, respectively). The Shareholder's Loans of the principal amount of RMB310,075,110.18 (approximately HK\$387,593,887.73) represent the aggregate of (i) the interest-free shareholder's loans in the total principal amount of RMB187,983,856.86 (approximately HK\$234,979,821.08) owed by the First Batch Target Companies to the Offshore Vendor; and (ii) the interest-free shareholders' loan in the total principal amount of RMB122,091,253.32 (approximately HK\$152,614,066.65) owed by the Second Batch Target Companies to the Onshore Vendor, each as at the date of the Framework Agreement.

The Disposed Project comprises the land and the buildings and structures erected on it, being the commercial podium part of the whole real property project known as Starry Winking(星匯雲錦), which comprise the Disposed Project as well as other residential buildings. It is located at No.4, Huaming Road, Zhujiang New Town, Tianhe District, Guangzhou, the PRC. The Disposed Project has a total gross floor area of approximately 19,285.81 sq.m. and was completed in about 2011. The land is approved for commercial use.

Value of the assets to be disposed

The aggregate of the combined unaudited net asset value of the Target Companies (and their respective subsidiaries) as at 31 May 2014 was approximately negative RMB\$11,412,000 (approximately negative HK\$14,265,000). The aggregate principal amount of the Shareholder's Loans is RMB310,075,110.18 (approximately HK\$387,593,887.73). The net book value of the Third Batch Property as at 31 May 2014 was approximately RMB4,000,000 (approximately HK\$5,000,000).

Net profit (loss) attributable to the assets to be disposed

The aggregate of the combined financial results of the Target Companies (and their respective subsidiaries) for the two financial years immediately preceding the date of the Disposal are as follows:

	For the year ended 31 December	
	2012	2013
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net (loss)/profit before tax and extraordinary items	(757)	(3,182)
Net (loss)/profit after tax and extraordinary items	(757)	(3,182)

There were no profit or loss attributable to the Third Batch Property and the Shareholder's Loans for the two financial years immediately preceding the date of the Disposal.

Consideration

The Total Consideration for the Disposal is RMB714,536,000 (approximately HK\$893,170,000), which comprise (i) RMB310,075,110.18 (approximately HK\$387,593,887.73), being the consideration for the assignment of Shareholder's Loans from the Offshore Vendor to the Purchaser; (ii) RMB389,460,889.82 (approximately HK\$486,826,112.28), being the consideration for the Sale Shares; and (iii) RMB15,000,000 (approximately HK\$18,750,000), being the consideration for the Third Batch Property.

The Total Consideration shall be paid in cash by the Purchaser to the Offshore Vendor and the Onshore Vendor (as the case may be) in the following manner:-

(a) In respect of the First Batch Disposal:

- (i) RMB100,000,000 (approximately HK\$125,000,000) ("**First Batch Initial Payment**") shall be paid to the Offshore Vendor on the date of the Framework Agreement;
- (ii) RMB284,536,000 (approximately HK\$355,670,000) ("**First Batch Balance**"), being the balance of payment for the First Batch Disposal, shall be paid to the Offshore Vendor on or before 31 August 2014. Provided that the Purchaser has paid the First Batch Initial Payment in accordance with the

terms of the Framework Agreement but is unable to pay the First Batch Balance by 31 August 2014, the Offshore Vendor has agreed to grant a grace period so that the Purchaser should pay the First Batch Balance by no later than 30 September 2014. Any part of the First Batch Balance not paid on or before 31 August 2014 shall be subject to the payment of an interest at the rate of 6% per annum until the payment is settled;

(b) In respect of the Second Batch Disposal:

(i) RMB50,000,000 (approximately HK\$62,500,000) (“**Second Batch Initial Payment**”) shall be paid to the Offshore Vendor on or before 31 August 2014;

(ii) RMB265,000,000 (approximately HK\$331,250,000) (“**Second Batch Balance**”), being the balance of payment for the Second Batch Disposal, shall be paid to the Offshore Vendor on or before 30 November 2014. Provided that the Purchaser has paid the Second Batch Initial Payment in accordance with the terms of the Framework Agreement but is unable to pay the Second Batch Balance by 30 November 2014, the Offshore Vendor has agreed to grant a grace period so that the Purchaser should pay the Second Batch Balance by no later than 31 December 2014. Any part of the Second Batch Balance not paid on or before 30 November 2014 shall be subject to the payment of an interest at the rate of 6% per annum until the payment is settled; and

(c) RMB15,000,000 (approximately HK\$18,750,000) shall be paid to the Onshore Vendor in respect of the Third Batch Property Disposal within five days from the date of the Third Batch Property Agreement.

The Total Consideration was agreed between the Purchaser and the Vendors after arm’s length negotiations with reference to the prevailing market value of the Disposed Project and the aggregate amount of the Shareholder’s Loans as at the date of the Framework Agreement.

Definitive Agreements

The Vendors and the Purchaser have agreed to enter into the definitive agreements in respect of the First Batch Disposal, the Second Batch Disposal and the Third Batch Property Disposal as follows:

(a) the First Batch Disposal Agreement shall be entered into between the Offshore Vendor and the Purchaser on or before 30 June 2014 to give effect to the First Batch Disposal;

- (b) the Second Batch Disposal Agreement shall be entered into between the Offshore Vendor and the Purchaser on or before 30 September 2014 to give effect to the Second Batch Disposal; and
- (c) the Third Batch Property Disposal Agreement shall be entered into between the Onshore Vendor and the Purchaser on or before 30 September 2014 to give effect to the Third Batch Property Disposal.

A. Conditions Precedent for the execution of the respective Definitive Agreements

The execution of each Definitive Agreement is conditional upon the fulfilment (or waiver (as applicable)) of the following conditions:-

- (a) the results of due diligence conducted by the Purchaser is materially consistent with the warranties and guarantees provided by the Vendors and those given under the Framework Agreement;
- (b) the financial and tax audits of the Target Companies do not have material defects;
- (c) there are no material defects to the titles of the assets held by the Target Companies;
- (d) the conditions of the assets and financial liabilities of the Target Companies are materially consistent with the disclosure, representations and warranties given by the Offshore Vendor;
- (e) the Guarantor has given an irrevocable and unconditional personal guarantee to guarantee the due performance of the Purchaser's obligations under the Framework Agreement, the First Batch Disposal Agreement and the Second Batch Disposal Agreement (as the case may be); and
- (f) the Purchaser has duly paid all amounts due under the Framework Agreement as at the date of the relevant Definitive Agreement.

Conditions (a) to (d) above shall be deemed to be satisfied if the Purchaser does not complete its due diligence on the Target Companies and the Property within 5 days of the execution of the Framework Agreement, if the Purchaser does not notify the Vendors in writing that such conditions are not satisfied or if the First Batch Disposal Agreement and the Second Batch Disposal Agreement (as applicable) has been executed. The Offshore Vendor has the right (but is not obliged) to waive condition (f) and extend the time for the payment of the relevant amounts.

As at the date of this announcement, the Offshore Vendor and the Purchaser has executed the First Batch Disposal Agreement.

B. Completion of the Target Companies Disposal

Completion of each of the First Batch Disposal and the Second Batch Disposal is conditional upon the fulfilment of the following conditions:

- (a) the execution of the relevant Definitive Agreement;
- (b) the Purchaser has duly made the First Batch Initial Payment or the Second Batch Initial Payment, as the case may be; and
- (c) the Guarantor has given an irrevocable and unconditional personal guarantee to guarantee the due performance of the Purchaser's obligations under the Framework Agreement and the relevant Definitive Agreement(s).

In respect of each of the First Batch Disposal and the Second Batch Disposal, the First Batch Sale Shares or the Second Batch Sale Shares (as the case may be) shall be transferred on the day when the First Batch Disposal Agreement or the Second Batch Disposal Agreement (as the case may be) is signed and the First Batch Initial Payment or the Second Initial Payment (as the case may be) is made. The First Batch Shareholder's Loans or the Second Batch Shareholder's Loan (as the case may be) shall also be assigned to the Purchaser on the same day, provided that if the First Batch Balance or the Second Batch Balance (as the case may be) is not made subsequently according to the terms of the relevant Definitive Agreement, such assignment shall be cancelled.

Following the completion of the Disposal, the Company will cease to hold any shareholding interests in the Target Companies. As at the date of this announcement, the Purchaser has settled the First Batch Initial Payment and the First Batch Sale Shares have been transferred (and the First Batch Shareholder's Loan has been assigned) to the Purchaser.

It is the intention of the parties to the Framework Agreement that the physical delivery of the First Batch Properties, Second Batch Properties and the Third Batch Property will only take place after the relevant consideration of the First Batch Disposal, Second Batch Disposal or the Third Batch Property Disposal, as the case may be, has been fully settled.

Guarantee in respect of the performance of the Purchaser's obligations under the Framework Agreement

Pursuant to the terms of the Framework Agreement, the Guarantor has given an irrevocable and unconditional personal guarantee to guarantee the due performance of the Purchaser's obligations under the Framework Agreement and the First Batch Disposal Agreement. A further guarantee shall be given by the Guarantor upon the execution of the Second Batch Disposal Agreement.

Any of the Sale Shares transferred to the Purchaser shall be pledged to the Offshore Vendor as security for the performance of the obligation of the Purchaser and Guarantor under the Transaction Documents.

Default and Termination

Vendors' right in the case of default

The Vendors shall have the right (but shall not be obliged) to terminate all or any part of the transactions contemplated under the Framework Agreement and the relevant Definitive Agreements in whole or in part according to the terms of the Framework Agreement if the Purchaser has not performed its obligations under the Framework Agreement or the relevant Definitive Agreement. The Purchaser may be liable to make a daily default payment to the Vendors. If the default remains unrectified for more than 30 days, the Vendors may elect to terminate all or part of the transactions under the Framework Agreement, in which case the Purchaser may be liable to make an additional lump sum default payment equal to 20% of the Total Consideration to the Vendors, and be liable for any other damages suffered by the Vendors as a result of such default.

Purchaser's right to in the case of default

The Vendors may be liable to make a daily default payment to the Purchaser if the Vendors fail to deliver the relevant properties comprised in the Disposed Project (or any part thereto) ("**Undelivered Property**") to the Purchaser according to the terms of the Framework Agreement. If the default remains unrectified for more than 30 days, then the Purchaser may elect to terminate the transactions relating to the Undelivered Property, in which case the Vendors may be liable to make an additional lump sum default payment equal to 20% of the consideration already paid by the Purchaser in respect of the Undelivered Property.

Other defaults

There are other default provisions under the Framework Agreement as follows:

- (a) if the Framework Agreement is adjudicated to be illegal or invalid under PRC laws or PRC administrative measures as a result of the Vendors' or the Purchaser's actions, the defaulting party shall pay RMB100,000,000 (approximately HK\$125,000,000) to the non-defaulting within 5 days of the occurrence of such event;
- (b) until all the Definitive Agreements have been executed, if the Vendors enter into any negotiation with any third party purchaser and agree to sell to them the Disposed Project without the Purchaser's consent, the Vendors shall pay to the Purchaser an amount equivalent to 10% of the Total Consideration; and
- (c) if the transfer of the Disposed Project is not registered with the relevant PRC authority ("**Non-registered Transaction**") 60 days after the date specified under the Framework Agreement, then any party may elect to terminate the Non-registered Transaction. In addition, if the Vendors cause the non-registration, the Vendors shall pay to the Purchaser an amount equal to 10% of the consideration already paid by the Purchaser in respect of the Non-registered Transaction.

REASONS AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of property development, management and investment in the PRC, including Hong Kong. The Group also holds a 36.11% interest in Yuexiu Real Estate Investment Trust.

The Company believes that as the Disposal relates to the non-core assets of the Group, the Disposal is consistent with the Group's strategy to dispose of its non-core assets and to adjust its asset portfolio. Accordingly, the Board considers that the Disposal is a good opportunity for the Group to dispose of its non-core business and assets. The net proceeds will be used as general working capital of the Group.

Further, the Directors believe that the terms of the Framework Agreement, the Disposal and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

Upon the completion of the Disposal, the Company expects to record a gain (before taxation) on the Disposal of approximately RMB430,000,000 (approximately HK\$537,500,000), comprising the difference between the Total Consideration and the sum of: (i) the aggregate net asset value of the Target Companies as at 31 May 2014, (ii) the aggregate amount of the Shareholder's Loans and (iii) the Company's estimated costs and related expenses for the Disposal.

Immediately after the completion of the Disposal, the Target Companies will no longer be subsidiaries of the Company. Accordingly, the assets and liabilities of such companies will not be consolidated into the Group after the completion of the Disposal.

USE OF PROCEEDS

The net proceeds from the Disposal will amount to approximately RMB700,000,000 (approximately HK\$875,000,000) (after deduction of all expenses relating to the Disposal). The proceeds will be largely utilized for general working capital of the Group.

INFORMATION OF THE COMPANY, THE PURCHASER, THE VENDORS AND THE TARGET COMPANIES

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 Singapore Exchange Securities Trading Limited. 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 company incorporated in the British Virgin Islands. The principal business of the Purchaser is investment holding and trading.

The Vendors

The Offshore Vendor is an indirect wholly-owned subsidiary of the Company and the Onshore Vendor is an indirect non-wholly owned subsidiary owned as to 95% by the Company. Their principal activity is property development.

The Target Companies

The principal activities of the Target Companies are sale and leasing of properties and property management.

IMPLICATIONS UNDER THE LISTING RULES

As an applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bonus Fortune”	BONUS FORTUNE DEVELOPMENT LIMITED (添盈發展有限公司), being one of the First Batch Target Companies
“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 Singapore Exchange Securities Trading Limited
“connected person”	has the meaning ascribed to it under the Listing Rules
“Definitive Agreements”	the First Batch Disposal Agreement, the Second Batch Disposal Agreement and the Third Batch Property Agreement, and each a “Definitive Agreement”
“Directors”	the directors of the Company
“Disposal”	the Target Companies Disposal and the Third Batch Property Disposal

“Disposed Project”	the First Batch Properties, the Second Batch Properties and the Third Batch Property
“Framework Agreement”	the framework agreement dated 23 June 2014 entered into between the Vendors and the Purchaser in relation to the Disposal
“First Batch Sale Shares”	the entire issued share capital of the First Batch Target Companies
“First Batch Properties”	Units 201 and 301 of No.4, Huaming Road, Zhujiang New Town, Tianhe District, Guangzhou, the PRC
“Offshore Vendor”	GUANGZHOU CONSTRUCTION & DEVELOPMENT HOLDINGS (CHINA) LIMITED (城市建設開發集團(中國)有限公司), one of the Vendors under the Framework Agreement
“First Batch Target Companies”	Bonus Fortune and Super Linkage
“First Batch Disposal”	the disposal of the First Batch Sale Shares and the assignment of the First Batch Shareholder’s Loans pursuant to the terms of the Framework Agreement
“First Batch Shareholder’s Loans”	the interest-free shareholder’s loans of the aggregate principal amount of RMB187,983,856.86 (approximately HK\$234,979,821.08) owed by the First Batch Target Companies to the Offshore Vendor as at the date of the Framework Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	an individual who is a third party independent of the Company and its connected persons (has the meaning ascribed to such term under the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	the lawful currency of Hong Kong
“Jumbo Resources”	JUMBO RESOURCES INVESTMENTS LIMITED (豐源投資有限公司), being one of the Second Batch Target Companies

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	UP SURGE GLOBAL LIMITED (方興環球有限公司), the purchaser under the Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Batch Target Companies”	Wealthy Mind, Supreme Peak and Jumbo Resources
“Second Batch Disposal”	the disposal of the Second Batch Sale Shares and the assignment of the Second Batch Shareholder’s Loans pursuant to the terms of the Framework Agreement
“Second Batch Shareholder’s Loans”	the interest-free shareholder’s loans of the aggregate principal amount of RMB122,091,253.32 (approximately HK\$152,614,066.65) owed by the Second Batch Target Companies to the Offshore Vendor as at the date of the Framework Agreement
“Shareholders”	shareholders of the Company
“Sale Shares”	the First Batch Sale Shares and the Second Batch Sale Shares
“Second Batch Sale Shares”	the entire issued share capital of the Second Batch Target Companies
“Second Batch Properties”	Units 102, 103, 104 and 105 of No.4, Huaming Road, Zhujiang New Town, Tianhe District, Guangzhou, the PRC
“Onshore Vendor”	Guangzhou City Construction & Development Company Limited (廣州市城市建設開發有限公司), one of the Vendors under the Framework Agreement
“Shareholder’s Loans”	the First Batch Shareholder’s Loans and the Second Batch Shareholder’s Loans

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Super Linkage”	SUPER LINKAGE INTERNATIONAL LIMITED (威業國際有限公司), being one of the First Batch Target Companies
“Target Companies”	the First Batch Target Companies and the Second Batch Target Companies
“Supreme Peak”	SUPREME PEAK INVESTMENTS LIMITED (鴻業投資有限公司), being one of the Second Batch Target Companies
“Target Companies Disposal”	the First Batch Disposal and the Second Batch Disposal
“Third Batch Property”	Unit 101 of No.4, Huaming Road, Zhujiang New Town, Tianhe District, Guangzhou, the PRC
“Third Batch Property Agreement”	the agreement to be entered into between the Purchaser and the Onshore Vendor in relation to the Third Batch Property Disposal
“Third Batch Property Disposal”	the disposal of the Third Batch Property by the Onshore Vendor to the Purchaser pursuant to the terms of the Framework Agreement
“Transaction Documents”	the Framework Agreement, the Definitive Agreement and other transaction documents required to be entered into by the Purchaser and the Vendors under the Framework Agreement
“Total Consideration”	RMB714,536,000 (approximately HK\$893,170,000), being the total consideration payable by the Purchaser under the Framework Agreement

“Vendors” the Offshore Vendor and the Onshore Vendor

“Wealthy Mind” WEALTHY MIND DEVELOPMENT LIMITED (宏富發展有限公司), being one of the Second Batch Target Companies

** For identification purpose only*

For the purpose of this announcement, unless otherwise indicated, 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
Yu Tat Fung
Company Secretary

Hong Kong, 23 June 2014

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

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, TANG Shouchun, CHEN Zhihong, LI Feng and OU Junming

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