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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)

**COMMENCEMENT OF THE LISTING-FOR-SALE PROCESS IN
RELATION TO THE POTENTIAL MAJOR DISPOSAL OF CERTAIN
EQUITY INTEREST IN AN INDIRECT WHOLLY-OWNED SUBSIDIARY
OF THE COMPANY**

The Company is pleased to announce the Listing-for-Sale Process in relation to the Potential Disposal will commence on 11 March 2016.

The Minimum Consideration i.e. the initial bidding price, for the Potential Disposal will be (i) RMB2,327,460,000 for the acquisition of the 49% equity interest in Guangzhou HongSheng and (ii) undertaking 49% related liabilities of Guangzhou HongSheng, as at the date of transfer of such liabilities (As of 31 December 2015, the 49% related liabilities amounted to RMB1,501,875,400.62). Shareholders should note that the final consideration will depend on the final bid price offered by the successful bidder, but will in any event be no less than the Minimum Consideration.

As one or more of the relevant percentage ratios in relation to the Potential Disposal exceeds 25% but is less than 75%, the Potential Disposal, if it materializes, will constitute a major transaction for the Company and will, therefore, be subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further announcement(s) will be made by the Company in relation to, among other things, (i) the result of the Listing-for-Sale Process; (ii) the final bid price offered by the successful bidder; and (iii) if the Potential Disposal materializes, information regarding such Potential Disposal in accordance with the Listing Rules as and when appropriate.

No binding agreement with respect to the Potential Disposal has been entered into as at the date of this announcement. Since the Potential Disposal may or may not materialize, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Background

廣州宏勝房地產開發有限公司 (Guangzhou Hong Sheng Property Development Limited*) (“Guangzhou HongSheng”) is a company established in the People’s Republic of China (“PRC”) and an indirect wholly-owned subsidiary of the Company. Guangzhou HongSheng currently owns the Yue Xiu - Xing Hui Yun Cheng (越秀•星匯雲城) project located in Baiyun District of Guangzhou City of the PRC (“Project”).

The Company intends to dispose 49% equity interest in Guangzhou HongSheng and 49% related liabilities of Guangzhou HongSheng (“Potential Disposal”), by way of the listing-for-sale process carried out via the Guangzhou Enterprises Mergers and Acquisitions Services Centre (“Listing-for-Sale Process”).

Reasons for and benefits of the Potential Disposal

The scale of the Project is relatively huge. Its development cycle is relatively long. The introduction of a comprehensively strong collaborator can diversify the operating risks, enhance the efficiency of using own funds and expedite the recycling of cash, which is in line with the Company’s development strategy crystallising a win-win partnership in project development.

Commencement of the Listing-for-Sale Process for the Potential Disposal

The Company is pleased to announce that the Listing-for-Sale Process via the Guangzhou Enterprises Mergers and Acquisitions Services Centre in relation to the Potential Disposal will commence on 11 March 2016. Interested parties may indicate their interest in the Potential Disposal in accordance with the procedures of the Listing-for-Sale Process during the bidding period, upon the expiry of which the qualified bidder who offers the highest effective bid price will be the successful bidder. For further information, such as major terms for the Potential Disposal, qualifications required for potential bidders and detailed procedures of the Listing-for-Sale Process, please refer to the website of the Guangzhou Enterprises Mergers and Acquisitions Services Centre (www.gemas.com.cn).

The Minimum Consideration i.e. the initial bidding price, for the Potential Disposal will be (i) RMB2,327,460,000 for the acquisition of the 49% equity interest in Guangzhou HongSheng and (ii) undertaking 49% related liabilities of Guangzhou HongSheng as at the date of transfer of such liabilities (As of 31 December 2015, the 49% related liabilities amounted to RMB1,501,875,400.62). Shareholders should note that the final consideration will depend on the final bid price offered by the successful bidder, but will in any event be no less than the Minimum Consideration.

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Further announcement(s) will be made by the Company in relation to, among other things, (i) the result of the Listing-for-Sale Process; (ii) the final bid price offered by the successful bidder; and (iii) if the Potential Disposal materializes, information regarding such Potential Disposal in accordance with the Listing Rules as and when appropriate.

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For and on behalf of the Board
Yuexiu Property Company Limited
Yu Tat Fung
Company Secretary

Hong Kong, 10 March 2016

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

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan, LI Feng, OU Junming and OU Shao

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

* For identification purpose only