

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

CONTINUING CONNECTED TRANSACTIONS FRAMEWORK PROPERTY MANAGEMENT SERVICES AGREEMENT

INTRODUCTION

YX JLL, a subsidiary of the Company principally engaged in businesses such as property management services and property leasing in the PRC, has been acting as the property manager of GZ IFC and providing overall management services in respect of the entire GZ IFC since September 2009 pursuant to the Property Management Agreement. Each tenant of GZ IFC is required to, with respect to the Unit(s) in GZ IFC rented by it, enter into a Tenant Management Agreement with YX JLL and pay Tenant Management Fee to YX JLL accordingly. Some of the Units have been, or will from time to time be, rented by members of the GZ YX Group, who are connected persons of the Company.

The terms and conditions of the Tenant Management Agreement entered or to be entered into between YX JLL and any tenant of GZ IFC (including a GZ YX Group Tenant), and the Tenant Management Fee payable by any tenant of GZ IFC (including a GZ YX Group Tenant), are determined by YX JLL and approved by the owner of GZ IFC according to the Property Management Agreement from time to time.

FRAMEWORK PROPERTY MANAGEMENT SERVICES AGREEMENT

As the transactions contemplated under the Relevant Management Agreements would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, on 22 January 2018, YX JLL and GZ YX entered into the Framework Property Management Services Agreement to govern the transactions contemplated under the Relevant Management Agreements.

PROPOSED ANNUAL CAPS

The Annual Caps for the transactions contemplated under the Framework Property Management Services Agreement will be RMB30,000,000 for each of the three years ending 31 December 2018, 2019 and 2020, respectively.

LISTING RULES IMPLICATIONS

GZYX is the controlling shareholder of the Company and therefore GZYX and its associates are connected persons of the Company under the Listing Rules. YX JLL is beneficially owned as to 60% by GCCD (which is indirectly owned as to 95% by the Company and as to 5% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Co. Ltd.) respectively, hence YX JLL is a subsidiary of the Company. As such, the transactions under the Framework Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Annual Caps for the transactions contemplated under the Framework Property Management Services Agreement is more than 0.1% but less than 5%, the continuing connected transactions under the Framework Property Management Services Agreement are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempt from independent shareholders' approval requirement.

None of the Directors have a material interest in the transactions contemplated under the Framework Property Management Services Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the Framework Property Management Services Agreement.

INTRODUCTION

YX JLL, a subsidiary of the Company principally engaged in businesses such as property management services and property leasing in the PRC, has been acting as the property manager of GZ IFC and providing overall management services in respect of the entire GZ IFC since September 2009 pursuant to the Property Management Agreement. Each tenant of GZ IFC is required to, with respect to the Unit(s) rented by it, enter into a property management services agreement (“**Tenant Management Agreement**”) with YX JLL and pay management fee (“**Tenant Management Fee**”) to YX JLL accordingly. Some of the Units have been, or will from time to time be, rented by members of the GZYX Group (each a “**GZYX Group Tenant**”), who are connected persons of the Company.

The terms and conditions of the Tenant Management Agreement entered or to be entered into between YX JLL and any tenant of GZ IFC (including a GZYX Group Tenant), and the Tenant Management Fee payable by any tenant of GZ IFC (including a GZYX Group Tenant), are determined by YX JLL and approved by the owner of the GZ IFC according to the Property Management Agreement from time to time.

THE FRAMEWORK PROPERTY MANAGEMENT SERVICES AGREEMENT

As the transactions contemplated under the Tenant Management Agreements entered or to be entered into between YX JLL and the GZYX Group Tenants (each a “**Relevant Management Agreement**”) would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, on 22 January 2018, YX JLL and GZYX entered into the Framework Property Management Services Agreement to govern the transactions contemplated under the Relevant Management Agreements.

The Relevant Management Fees

The Tenant Management Fees payable by the GZYX Group Tenants under the Relevant Management Tenant Agreements (the “**Relevant Management Fees**”) are determined based on the standard rates applicable to all the tenants of GZ IFC. The standard rates of Tenant Management Fees consist of base monthly property management fee charged at the rate of RMB33 per sqm (in respect of the office space) and RMB36 per sqm (in respect of the shopping mall space) pursuant to the Property Management Agreement and are adjustable based on arms’ length negotiation between the tenants of GZ IFC and YX JLL in accordance with the usage requirements of the tenants, the CPI increases and prevailing market conditions, including the rate of property management service fees in respect of other commercial properties of a comparable grade and in a comparable area charged by YX JLL to their tenants generally. No property management fee is payable in respect of vacant space. Such adjustment is subject to the review and approval of the owner of the GZ IFC.

Term and Termination

The Term of the Framework Property Management Services Agreement commenced with retrospective effect from 1 January 2018 for three years up to and including 31 December 2020.

Subject to compliance with the relevant requirements under the Listing Rules, YX JLL and GZYX may agree to renew the Framework Property Management Services Agreement on such terms and conditions as may be mutually agreed.

Either party to the Framework Property Management Services Agreement may terminate the Framework Property Management Services Agreement by giving not less than three months prior written notice to the other party.

Relevant Management Agreements and Pricing Policy

Subject to the terms and conditions of the Framework Property Management Services Agreement, the Relevant Management Agreements entered or to be entered into between YX JLL and each GZYX Group Tenant shall comply with the following requirements:

- (i) the term of each Relevant Management Agreements must be for a fixed term of not more than three years;
- (ii) the terms and conditions of the Relevant Management Agreements shall be no less favourable to YX JLL than the terms and conditions of the Tenant Management Agreements between YX JLL and the other tenants of GZ IFC who are Independent Third Parties, and the Relevant Management Fees payable by the GZYX Group Tenants to YX JLL shall be determined based on the standard rates applicable to all tenants of GZ IFC (including tenants who are Independent Third Parties) and are adjustable based on arms' length negotiation between the tenants of GZ IFC and YX JLL in accordance with the usage requirements of the tenants, the CPI increases and prevailing market conditions; and
- (iii) the annual aggregate amount of the Relevant Management Fees shall not exceed the Annual Caps.

INTERNAL CONTROL PROCEDURES

In order to ensure that the terms of the Framework Property Management Services Agreement are complied with, the Group has established a series of internal control procedures and external supervision measures as follows:

- (i) The Group will monitor the Relevant Management Fees on a monthly basis to ensure that the aggregate amount of the Relevant Management Fees do not exceed the Annual Caps.

- (ii) The Group will prepare a continuing connected transaction report (“**CCT Report**”) once every six months on the Relevant Management Fees and the transactions contemplated under the Framework Property Management Services Agreement which will be submitted to the Group’s audit committee for consideration. The content of the CCT Report shall include: (i) the aggregate amount of the Relevant Management Fees recorded for the reporting period; (ii) a summary and comparison of the Relevant Management Fees with the Tenant Management Fees and the prevailing rate of the Tenant Management Fees charged by YX JLL to other tenants which are Independent Third Parties renting the Units; and (iii) the status of compliance with the Annual Caps.
- (iii) The Group’s audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group (including the transactions contemplated under the Framework Property Management Services Agreement).
- (iv) The external auditors of the Group will conduct a review of interim financial information of the Group for six months ending 30 June of each financial year, and an audit of consolidated financial statements of the Group for each financial year. The external auditors of the Group will also issue a letter to the Board in relation to the continuing connected transactions of the Group for each financial year in accordance with Rule 14A.56 of the Listing Rules confirming whether anything has come to the Directors’ attention that causes them to believe that the continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap. In addition, according to the Listing Rules, the independent non-executive Directors will conduct an annual review with respect to the transactions contemplated under the Framework Property Management Services Agreement throughout the preceding financial year and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group.

In view of the above, the Company considers that there are adequate internal control procedures and external supervision measures to ensure that the transactions contemplated under the Framework Property Management Services Agreement will comply with the relevant regulatory guidelines and the terms of the Framework Property Management Services Agreement.

PROPOSED ANNUAL CAPS

The Annual Caps are calculated with reference to: (i) the total office and shopping mall space in GZ IFC currently rented by the GZYX Group Tenants; (ii) the current standard rate of the Tenant Management Fees; (iii) the estimated Tenant Management Fees payable by the tenants of GZ IFC to YX JLL per annum; and (iv) a reasonable buffer to cater for any unexpected increase in office and shopping mall space demand on the part of the GZYX Group Tenants and/or increase in rate of Tenant Management Fees according to the prevailing market conditions from time to time.

The Annual Caps for the transactions contemplated under the Framework Property Management Services Agreement will be RMB30,000,000 for each of the three years ending 31 December 2018, 2019 and 2020, respectively.

In the event that the aggregate annual amount payable by the GZYX Group Tenants to YX JLL for the transactions contemplated under the Framework Property Management Services Agreement shall exceed the Annual Cap for any given year, the Company shall take all necessary procedures to comply with the Listing Rules, including to make announcement(s) if appropriate and to seek independent shareholders' approval if necessary. Prior to such compliance in full by the Company, the parties shall limit the aggregate annual amounts within the Annual Caps.

REASONS FOR AND BENEFITS OF THE FRAMEWORK PROPERTY MANAGEMENT SERVICES AGREEMENT

YX JLL, a subsidiary of the Company, has been acting as the property manager of GZ IFC and providing overall management services in respect of the entire GZ IFC since September 2009 pursuant to the Property Management Agreement. GZYX has on 17 August 2017 increased its interests in GZ Yuexiu Financial to approximately 54.25%, resulting in an enlarged GZYX Group. As a result of such enlargement of the GZYX Group, the number of tenants of GZ IFC falling within the category of GZYX Group Tenants (which are connected persons of the Group), and accordingly the aggregate amount of the Relevant Management Fees payable by them, have correspondingly increased. Given that each of the GZYX Group Tenants is required to enter into a Relevant Management Agreement with, and pay the Relevant Management Fee to, YX JLL, in view of the aforesaid enlarged pool of GZYX Group Tenants and corresponding increase in the aggregate amount of Relevant Management Fees payable by them, the Company considers it appropriate for a Framework Property Management Services Agreement to be entered into between YXJLL and GZYX to govern the transactions contemplated under the Relevant Management Agreements.

Having considered the above factors and the basis of determination of the Annual Caps, the Board (including the independent non-executive Directors) considers that: (i) the terms of the Framework Property Management Services Agreement are fair and reasonable and on normal commercial terms; (ii) the transactions contemplated under the Framework Property Management Services Agreement are in the ordinary and usual course of business of the Group; (iii) the entering into of the Framework Property Management Services Agreement by YX JLL is in the interest of the Company and its shareholders as a whole; and (iv) the Annual Caps (including the basis of determination thereof) are fair and reasonable.

INFORMATION OF 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). The Group 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.

INFORMATION OF YX JLL

YX JLL is a limited liability company incorporated in the PRC and is principally engaged in businesses such as property management services and property leasing in the PRC.

INFORMATION OF GZYZ

GZYZ is a limited liability company incorporated in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC. GZYZ, through its various subsidiaries, engages in various businesses including (among others) financial business, property development, infrastructure, construction and others.

LISTING RULES IMPLICATIONS

GZYZ is the controlling shareholder of the Company and therefore GZYZ and its associates are connected persons of the Company under the Listing Rules. YX JLL is beneficially owned as to 60% by GCCD (which is indirectly owned as to 95% by the Company and as to 5% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Co. Ltd.) respectively, hence YX JLL is a subsidiary of the Company. As such, the transactions under the Framework Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Annual Caps for the transactions contemplated under the Framework Property Management Services Agreement is more than 0.1% but less than 5%, the continuing connected transactions under the Framework Property Management Services Agreement are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempt from independent shareholders' approval requirement.

None of the Directors have a material interest in the transactions contemplated under the Framework Property Management Services Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the Framework Property Management Services Agreement.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Annual Caps”	the proposed annual aggregate maximum amounts payable by the GZYZ Group Tenants to YX JLL under the transactions contemplated under the Framework Property Management Services Agreement for the Term as set out in the section headed “Proposed Annual Caps” in this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“CCT Report”	has the meaning ascribed to it under the section “Internal Control Procedures” in this announcement
“CPI”	Consumer Price Index
“Company”	Yuxiu 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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“Framework Property Management Services Agreement”	the Framework Property Management Services Agreement dated 22 January 2018 entered into between YX JLL and GZYX in respect of the provision of property management services in GZ IFC during the Term
“GCCD”	廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd.), a company incorporated in the PRC which is indirectly owned as to 95% by the Company and as to 5% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Co. Ltd.) respectively, the latter of which is in turn indirectly wholly-owned by GZYX
“Group”	the Company and its subsidiaries, and “member of the Group” means any one of them
“GZ IFC”	the real property known as 廣州國際金融中心 (Guangzhou International Finance Center), located at No. 5 Zhujiang West Road, Tianhe District, Guangzhou, PRC
“GZ Yuexiu Financial”	廣州越秀金融控股集團股份有限公司 (Guangzhou Yuexiu Financial Holdings Group Co., Ltd.*), a non-wholly owned PRC subsidiary of GZYX
“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
“GZYX Group”	collectively, GZYX, its subsidiaries and its associates (in each case excluding the Company and its subsidiaries), and “member of the GZYX Group” means any one of them
“GZYX Group Tenant”	has the meaning ascribed to it under the section “Introduction” in this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	a third party which, with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property Management Agreement”	the property management agreement dated 8 January 2010 (as amended by a supplemental agreement dated 9 May 2012) entered into between YX JLL and 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.), the owner of GZ IFC, in respect of the appointment of YX JLL as the property manager of GZ IFC
“Relevant Management Agreement”	has the meaning ascribed to it under the section “The Framework Property Management Services Agreement” in this announcement
“Relevant Management Fees”	has the meaning ascribed to it under the section “The Framework Property Management Services Agreement” in this announcement
“PRC”	the People’s Republic of China, and for the purposes of this announcements only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant Management Agreement”	has the meaning ascribed to it under the section “Introduction” in this announcement
“Tenant Management Fee”	has the meaning ascribed to it under the section “Introduction” in this announcement
“Term”	the three-year period commenced with retrospective effect from 1 January 2018 up to and including 31 December 2020

“Units” units in GZ IFC, and “Unit” means any of them

“YX JLL” 廣州越秀城建仲量聯行物業服務有限公司 (Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd.*), a limited liability company incorporated in the PRC which is beneficially owned as to 60% by GCCD and 40% owned by 北京仲量聯行物業管理服務有限公司 Beijing Jones Lang LaSalle Property Management Services Company Limited*

* *for identification purposes only*

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

Hong Kong, 22 January 2018

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

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan, LI Feng and CHEN Jing

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