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## **DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARY AND SHAREHOLDER'S LOAN**

The Board would like to announce that on 5 December 2010, the Company, Guangzhou Construction BVI, a wholly-owned subsidiary of the Company, and Easeshine entered into the Agreement pursuant to which Guangzhou Construction BVI has agreed to sell and Easeshine has agreed to purchase the entire issued share capital of and the Shareholder's Loan to Durman which holds 98.126% equity interest in Guangzhou Homecity Supermarket, at an aggregate consideration of RMB36,699,124.00. Upon Completion, Durman will cease to be a subsidiary of the Company.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios for the Transaction calculated under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.**

### **THE AGREEMENT**

On 5 December 2010, the Company, Guangzhou Construction BVI, a wholly-owned subsidiary of the Company and Easeshine entered into the Agreement pursuant to which Guangzhou Construction BVI has agreed to sell and Easeshine has agreed to purchase the entire issued share capital of and the Shareholder's Loan to Durman which holds 98.126% equity interest in Guangzhou Homecity Supermarket, at a consideration of RMB36,699,124.00.

### **Date:**

5 December 2010

**Parties:**

- (a) Vendor: Guangzhou Construction BVI, a wholly-owned subsidiary of the Company
- (b) Purchaser: Easeshine
- (c) Guarantor: The Company

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

**Assets to be disposed of**

The Sale Share, being the entire issued share capital of Durman.

**Shareholder's Loan**

RMB25,629,530.31, being all amounts, whether principal, interest or otherwise, owing by Durman to Guangzhou Construction BVI as at the date of the Agreement.

**Consideration**

The aggregate consideration for the Sale Share and the Shareholder's Loan to be paid by Easeshine to Guangzhou Construction BVI shall be RMB36,699,124.00 and shall be settled by Easeshine by way of cash in Hong Kong dollar in two installments as follows:

- (a) an amount of RMB5,504,868.60, being 15% of the aggregate consideration of the Transaction shall be paid by Easeshine within 5 Business Days after the signing of the Agreement; and
- (b) an amount of RMB31,194,255.40, being 85% of the aggregate consideration of the Transaction shall be paid by Easeshine on the Completion Date.

The consideration was arrived at after arm's length negotiations between Guangzhou Construction BVI and Easeshine with reference to the unaudited consolidated net assets of Durman Group as at 30 September 2010, being approximately RMB8,727,665.00, plus the Shareholder's Loan.

## Conditions precedent

The Agreement is subject to and conditional upon the satisfaction or waiver of a number of conditions including but not limited to the following:

- (a) Guangzhou Construction BVI having received the first installment of the consideration;
- (b) Easeshine having delivered to Guangzhou Construction BVI the documents in relation to the change of directors of Durman, the amendments to the articles of association of Guangzhou Homecity Supermarket (the “**Amendments**”) and the relevant board resolutions and Guangzhou Construction BVI having submitted the application for the Amendments to the relevant PRC government authorities and having received the Receipt of Acceptance therefrom;
- (c) Easeshine having received documents evidencing 廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd.) and 廣州城建開發物業有限公司 (Guangzhou City Construction & Development Property Ltd.) have fully repaid their debts owed to Guangzhou Homecity Supermarket, being RMB43,308,477.56;
- (d) each premises owner having executed the tenancy agreement in respect of each relevant shop premises of Guangzhou Homecity Supermarket; and
- (e) Guangzhou Homecity Supermarket having disposed of its entire equity interest in 廣州市城建開發集團名特網絡發展有限公司 (Guangzhou City Construction & Development Mingte Network Development Limited).

## Completion

Completion of the Transaction shall take place on or before 31 December 2010 (or such other date as the parties to the Agreement may agree) subject to the satisfaction or waiver of all the conditions precedent.

Upon Completion, Durman will cease to be a subsidiary of the Company, and the assets and liabilities of Durman will cease to be consolidated into the Group.

Based on the unaudited consolidated financial statements of Durman Group as at 30 September 2010, it is estimated that the Group will record a gain on the Transaction of approximately RMB1,500,000.00, being the difference between the consideration for the Transaction and the aggregate of (i) the unaudited consolidated net assets of Durman Group, (ii) the Shareholder’s Loan and (iii) the estimated expenses as at the Completion Date.

## **Company's Guarantee**

The Company is a party to the Agreement as it has agreed to guarantee the due and punctual performance by Guangzhou Construction BVI of its obligations under the Agreement, subject to a maximum liability of RMB10,000,000 and a guarantee period of two years from the Completion Date.

## **REASONS FOR THE TRANSACTION AND USE OF PROCEEDS**

The Group is principally engaged in the businesses of property development, management and investment in the PRC, including Hong Kong. The Group also holds a 35.58% interest GZI Real Estate Investment Trust.

According to the plan set at the beginning of this year, the Group actively sought to adjust its asset portfolio and accelerate the disposal of non-core and inefficient assets. The Directors consider that the Transaction represents an opportunity for the Group to dispose of its non-core business and assets and is in line with the business development strategy of the Group.

The net proceeds, if any, will be used as general working capital of the Group.

The Directors (including the independent non-executive directors) consider that the terms of the Agreement have been negotiated on an arm's length basis and are fair and reasonable and on normal commercial terms; and the Transaction is in the best interests of the Company and its shareholders as a whole.

## **INFORMATION ON EASESHINE**

Easeshine is an investment holding company wholly owned by China Resources Enterprise, Limited (“CRE”). CRE is incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange. CRE is a company with business emphasis on consumer businesses in China and Hong Kong. The core businesses of CRE are, namely retail, beer, beverage and food processing and distribution.

## **INFORMATION ON DURMAN**

Durman is an investment holding company incorporated in the British Virgin Islands with limited liability on 20 September 2001. As at the date of this announcement, Durman is a wholly owned subsidiary of Guangzhou Construction BVI.

Durman owns 98.126% equity interest in Guangzhou Homecity Supermarket. The remaining 1.874% equity interest in Guangzhou Homecity Supermarket is held by the Domestic JV Partner. Guangzhou Homecity Supermarket is a sino-foreign equity joint venture established in Guangzhou, the PRC with a registered capital of RMB33,178,900.00 and engaged in supermarket operation in Guangzhou. As of the date of this announcement, Guangzhou Homecity Supermarket operates a supermarket chain of over 100 stores in Guangzhou.

As at 30 September 2010, the unaudited consolidated net assets of Durman Group was approximately RMB8,727,665.00. The unaudited consolidated net profits before and after taxation and extraordinary items of Durman Group for the financial year ended 31 December 2008 and 31 December 2009 were as follows:

	<b>Year ended 31 December</b>	
	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>
The unaudited consolidated net profits before taxation and extraordinary items	2,247,317.00	2,388,622.00
The unaudited consolidated net profits after taxation and extraordinary items	1,696,192.00	1,973,111.00

## **LISTING RULES IMPLICATIONS**

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**Shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 5 December 2010 entered into by the Company, Guangzhou Construction BVI and Easeshine in relation to the Transaction
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Hong Kong

“Company”	Yuexiu Property Company Limited (越秀地產股份有限公司), a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange and the stock exchange operated by Singapore Exchange Securities Trading Limited
“Completion”	the completion of the sale and purchase of the Sale Share and the assignment of the Shareholder’s Loan pursuant to the Agreement
“Completion Date”	the date on which completion of the Transaction takes place
“Domestic JV Partner”	廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Co. Ltd.), a company established in Guangzhou, the PRC, which holds 1.874% equity interest in Guangzhou Homecity Supermarket
“Durman”	Durman Limited (都曼有限公司), a company incorporated in the British Virgin Islands and a non-Hong Kong company registered under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), a wholly-owned subsidiary of Guangzhou Construction BVI
“Durman Group”	Durman and its subsidiary, Guangzhou Homecity Supermarket
“Director(s)”	the director(s) of the Company
“Easeshine”	Easeshine Investments Limited (宜亮投資有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of China Resources Enterprise, Limited
“Group”	the Company and its subsidiaries
“Guangzhou Construction BVI”	Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Guangzhou Homecity Supermarket”	廣州城建開發宏城連鎖超級市場有限公司(Guangzhou City Construction & Development Homecity Supermarket Ltd.), a sino-foreign equity joint venture established in Guangzhou, the PRC

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China excluding for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Share”	the one issued share with a par value of US\$1.00, being the entire issued share capital of Durman
“Shareholder’s Loan”	RMB25,629,530.31, being all amounts, whether principal, interest or otherwise, owing by Durman to Guangzhou Construction BVI as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning as in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Transaction”	the proposed disposal of the Sale Shares and the Shareholder’s Loan pursuant to the Agreement and all the transactions contemplated thereunder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	the United States dollars, the lawful currency of the United States of America

By Order of the Board  
**YUEXIU PROPERTY COMPANY LIMITED**  
**Lu Zhifeng**  
*Chairman*

Hong Kong, 6 December 2010

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

*Executive Directors:* LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, LIANG Youpan and LAM Yau Fung Curt

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