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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: 123)

DISCLOSEABLE TRANSACTION

The Directors are pleased to announce that on 9 December 2011, the Vendor entered into the Sale and Purchase Agreement with the Purchaser and the Purchaser Guarantor pursuant to which, among other things, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital of the Hong Kong Company, at the Consideration.

As at the date of this announcement, the entire equity interest in the Project Company was held directly as to approximately 95% by the Hong Kong Company and approximately 5% by Guangzhou City Group Co. The Project Company owns the Project which is located on the Land in Tianhe District of Guangzhou City, the PRC.

Based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

INTRODUCTION

On 9 December 2011, the Vendor entered into the Sale and Purchase Agreement with the Purchaser and the Purchaser Guarantor pursuant to which, among other things, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital of the Hong Kong Company, at the Consideration.

As at the date of this announcement, the entire equity interest in the Project Company was held directly as to approximately 95% by the Hong Kong Company and approximately 5% by Guangzhou City Group Co. The Project Company owns the Project which is located on the Land in Tianhe District of Guangzhou City, the PRC.

SALE AND PURCHASE AGREEMENT

Sale and Purchase Agreement

Date

9 December 2011

Parties

- (1) Vendor;
- (2) Purchaser; and
- (3) Purchaser Guarantor.

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

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital the Hong Kong Company.

Consideration and payment terms

The Consideration in the amount of RMB494,000,000 shall be payable by the Purchaser as follows:

- (i) an earnest money in the amount of RMB20,000,000 had been paid on 29 September 2011;

- (ii) subject to the relevant Grace Period Provisions set out below, the first installment in the amount of RMB180,000,000 (“First Consideration Installment”) shall be payable in Hong Kong dollars within seven Business Days from the date of the Sale and Purchase Agreement; and
- (iii) the final installment in the amount of RMB294,000,000 shall be payable in Hong Kong dollars before 30 April 2012.

The Consideration was determined by reference to the unaudited consolidated net asset value of the Hong Kong Company as at 30 September 2011 and was arrived at through arm’s length negotiation amongst the parties.

Repayment of the Project Company Loans

The Purchaser has agreed to procure the Project Company to repay to the Project Company Creditors in full the Project Company Loans as follows:

- (i) an amount of RMB106,000,000 (“First Loan Installment”) shall be paid before 30 April 2012, failing which, the Purchaser shall assume the payment obligation of the entire Project Company Loans on demand; and
- (ii) the remaining balance of the Project Company Loans in the amount of RMB384,000,000 (“Remaining Loan”) shall be paid before 30 November 2012.

Grace Period Provisions

1. The Vendor agrees that subject to its receipt of not less than RMB50,000,000 of the Consideration within seven Business Days from the date of the Sale and Purchase Agreement, the due date of the First Consideration Installment may be extended to 30 April 2012 provided that the Purchaser shall be liable to pay to the Vendor interest calculated at a specified rate on such unpaid portion.
2. The Vendor also agrees that the due date of the Remaining Loan may be extended to 30 November 2013, provided that the Project Company shall be liable to pay to the Project Company Creditors interest calculated at a specified rate on such unpaid portion; and if the Project Company fails to repay the Remaining Loan before 30 November 2013 in full, damages calculated at a specified rate on the Remaining Loan shall become payable.

Conditions precedent

Completion is subject to and conditional upon the satisfaction of, among others, the following conditions precedent:

- (i) receipt of the Consideration in full by the Vendor;
- (ii) the Purchaser shall have procured the Project Company to repay in full the First Loan Installment to the Project Company Creditors before 30 April 2012; and
- (iii) the execution and delivery of a personal guarantee by Mr. Yip in favour of the Project Company Creditors, pursuant to which, Mr. Yip shall irrevocably and unconditionally guarantee the repayment of the Remaining Loan together with the applicable default interest and damages in accordance with the terms set out in the Sale and Purchase Agreement.

Completion

Upon fulfillment of the conditions precedent, Completion shall take place within five Business Days after written notification was sent by the Purchaser to the Vendor confirming fulfillment (or waiver) of the conditions precedent.

Guarantee

In consideration of the Vendor agreeing to enter into the Sale and Purchase Agreement, the Purchaser Guarantor has agreed to guarantee to the Vendor the due performance of the Purchaser of all its obligations under the Sale and Purchase Agreement, including the payment obligations towards the Vendor and/or the Project Company Creditors.

REASONS FOR AND BENEFIT OF THE TRANSACTION

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 in Yuexiu Real Estate Investment Trust.

The Project, which was developed by the Group, is leased out to Tianhui Cheng, a company ultimately controlled by the Purchaser Guarantor, under a long-term lease. The Company considers the Project a non-core asset to the Group. It is in line with the Group's strategy to adjust its asset portfolio by eliminating non-core businesses and assets. The Directors consider that the Transaction represents a good opportunity for the Group to dispose of its non-core business and asset. The net proceeds will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE HONG KONG COMPANY AND THE PROJECT COMPANY

The Hong Kong Company is an investment holding company which holds approximately 95% equity interest in the Project Company. The remaining approximate 5% equity interest in the Project Company is held by Guangzhou City Group Co. The Project Company owns the Project which is located on the Land in Tianhe District of Guangzhou City, the PRC.

FINANCIAL IMPACT OF THE TRANSACTION

For the two financial years ended 31 December 2010, (i) the consolidated net loss/profit (before taxation and extraordinary items) attributable to the Hong Kong Company were a net profit of approximately RMB2 million (for 2009) and a net loss of approximately RMB107 million (for 2010) respectively; and (ii) the consolidated net loss/profit (after taxation and extraordinary items) attributable to the Hong Kong Company were a net profit of approximately RMB2 million (for 2009) and a net loss of approximately RMB83 million (for 2010) respectively.

The Group is expected to record a gain on the Transaction of approximately RMB148 million based on the difference between the Consideration and the unaudited consolidated net assets of the Hong Kong Company as at 30 September 2011 after deducting the estimated expenses as at the date of Completion. The unaudited consolidated net assets of the Hong Kong Company as at 30 September 2011 was approximately RMB300 million. The expected gain may be adjusted upon Completion.

Upon Completion, the Hong Kong Company will no longer be a subsidiary of the Company.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the activities of investment holding.

The Purchaser and the Purchaser Guarantor

The Purchaser is principally engaged in investment holding. The Purchaser Guarantor is principally engaged in the business of property development.

LISTING RULES IMPLICATION

Based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business and inter-bank deposit and payment business in Hong Kong
“Guangzhou City Group Co”	廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Co. Ltd.*), a limited liability company incorporated in the PRC
“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”	completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Consideration”	the consideration for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	Speed Advance Limited, a company incorporated in Hong Kong with limited liability

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land”	the piece of land situated at 中國廣州市天河區林和中路63號 (No.63 Linhe Zhong Lu, Tianhe District, Guangzhou City, the PRC) with a site area of approximately 33,322 sq. m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yip”	Yip Ying Keung, the ultimate controlling person of the Purchaser, Purchaser Guarantor and Tianhui Cheng
“PRC”	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
“Project”	the real estate project named 廣州東站商業廣場 (Popark Plaza*) located on the Land
“Project Company”	廣州市致威城市房產有限公司 (Guangzhou Ziwei City Real Estates Co. Ltd.*), a limited liability company incorporated in the PRC
“Project Company Creditors”	the creditors of the Project Company in respect of the Project Company Loans
“Project Company Loans”	the interest free loans in the aggregate amount of approximately RMB490,000,000 owed by the Project Company to the Project Company Creditors as at 30 September 2011
“Purchaser”	Max Fame Capital Investment Limited, a company incorporated in Hong Kong with limited liability
“Purchaser Guarantor”	Waykon (China) Company Limited, a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 9 December 2011 among the Vendor, the Purchaser and the Purchaser Guarantor in respect of the sale and purchase of the Sale Shares

“Sale Shares”	1,000 shares of HK\$1.00 each in the share capital of the Hong Kong Company
“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
“Tianhui Cheng”	廣州東站天滙城有限公司 (Guangzhou Dongzhan Tianhui Cheng Company Limited*), a limited liability company incorporated in the PRC
“Transaction”	the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Vendor”	Bright Growth Investment Limited, a company incorporated in the British Virgin Islands with limited liability

By order of the Board
Yuexiu Property Company Limited
Lu Zhifeng
Chairman

Hong Kong, 11 December 2011

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

<i>Executive Directors:</i>	LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, CHEN Zhihong and LAM Yau Fung Curt
<i>Independent Non-executive Directors:</i>	YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose

* *for identification purpose only*