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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)

CONTINUING CONNECTED TRANSACTION PROPERTY LEASING AGREEMENT

BACKGROUND

On 22 June 2012, YX IFC, a subsidiary of the Company, entered into a property leasing agreement with YX Financial Leasing, an indirect wholly-owned subsidiary of GZ YX, for a term of one year, commencing on 1 June 2012 pursuant to which YX IFC will lease two properties located in the Guangzhou IFC to YX Financial Leasing.

ANNUAL FEE PAYMENT TO YX IFC AND ANNUAL CAPS

Under the Listing Rules, the value of the annual payment to YX IFC pursuant to the Agreement is required to be capped. The largest annual value of the continuing connected transaction under the Agreement for each of the two years ending 31 December 2013 is RMB2,151,000 and it is based on: (i) the fees payable to YX IFC under the Agreement; (ii) a buffer of 25% of such fees payable to YX IFC for contingencies such as changes in rental or other market conditions.

Based on the above calculations, the annual cap for the continuing connected transaction under the Agreement for each of the two years ending 31 December 2013 will be RMB2,151,000.

LISTING RULES IMPLICATIONS

YX Financial Leasing is a wholly-owned subsidiary of GZ YX, which is the ultimate controlling shareholder of the Company. Therefore, YX Financial Leasing is a connected person of the Company under the Listing Rules. As such, the transaction under the Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As previously announced by the Company on 27 February 2012, YX IFC entered into several property leasing agreements with certain connected persons of the Company which are connected with GZ YX pursuant to which YX IFC leased certain properties located in the Guangzhou IFC to such connected persons (“Existing Agreements”). The Existing Agreements were exempted from the independent shareholders’ approval requirement, but were still subject to the relevant reporting and announcement requirements under the Listing Rules. Under Rule 14A.25 of the Listing Rules, the Existing Agreements have been aggregated with the continuing connected transaction under the Agreement.

Since the highest applicable percentage ratio for the largest aggregate annual cap for the Existing Agreements and the continuing connected transaction under the Agreement is more than 0.1% but less than 5%, the continuing connected transaction under the Agreement is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and is exempted from the independent shareholders’ approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the Agreement (including the aggregate annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

BACKGROUND

On 22 June 2012, YX IFC, a subsidiary of the Company, entered into a property leasing agreement with YX Financial Leasing, an indirect wholly-owned subsidiary of GZ YX, for a term of one year, commencing on 1 June 2012 pursuant to which YX IFC will lease two properties located in the Guangzhou IFC to YX Financial Leasing.

THE PROPERTY LEASING AGREEMENT WITH YX FINANCIAL LEASING

Date:	22 June 2012
Lessee:	YX Financial Leasing
Lessor:	YX IFC
Premises:	Room 01-D and F, 63rd Floor, Main Tower of the Guangzhou IFC
Leased Area:	768.17 m ²
Usage:	Office premises

Term of the lease: One year commencing on 1 June 2012 and expiring on 31 May 2013 (both days inclusive).

Monthly Rental: RMB245,814

The rental will be paid by way of bank transfer on a quarterly basis.

Rental Deposit: RMB491,628

The rental payable under the Agreement is determined with reference to the prevailing market conditions and the rental levels of similar properties in the vicinity of the leased properties which is supported by a valuation report prepared by an independent valuer.

ANNUAL FEE PAYMENT TO YX IFC AND ANNUAL CAPS

Under the Listing Rules, the value of the annual payment to YX IFC pursuant to the Agreement is required to be capped. The largest annual value of the continuing connected transaction under the Agreement for each of the two years ending 31 December 2013 is RMB2,151,000 and it is based on: (i) the fees payable to YX IFC under the Agreement; (ii) a buffer of 25% of such fees payable to YX IFC for contingencies such as changes in rental or other market conditions.

The largest annual value above is calculated as follows:

	For the year ending 31 December 2012 (RMB)	For the year ending 31 December 2013 (RMB)
fees payable to YX IFC under the Agreement	1,720,698	1,229,070
with a buffer of 25% of fees payable to YX IFC	2,150,873	1,536,338
annual values	2,151,000	1,537,000

The annual values above are rounded up to the nearest thousand for ease of reference.

Based on the above calculations, the annual cap for the continuing connected transaction under the Agreement for each of the two years ending 31 December 2013 will be RMB2,151,000.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's core business is property development and investment, and YX IFC's core business is development of the Guangzhou IFC. The transaction under the Agreement will increase the rental income to the Group.

LISTING RULES IMPLICATIONS

YX Financial Leasing is a wholly-owned subsidiary of GZ YX, which is the ultimate controlling shareholder of the Company. Therefore, YX Financial Leasing is a connected person of the Company under the Listing Rules. As such, the transaction under the Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As previously announced by the Company on 27 February 2012, YX IFC entered into several property leasing agreements with certain connected persons of the Company which are connected with GZ YX pursuant to which YX IFC leased certain properties located in the Guangzhou IFC to such connected persons ("Existing Agreements"). The Existing Agreements were exempted from the independent shareholders' approval requirement, but were still subject to the relevant reporting and announcement requirements under the Listing Rules. Under Rule 14A.25 of the Listing Rules, the Existing Agreements have been aggregated with the continuing connected transaction under the Agreement.

The aggregate annual caps for the purpose of calculation of size tests under the Listing Rules are as follows:

	For the year ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014
annual caps for the Existing Agreements	45,014,000	45,014,000	45,014,000
annual caps for the continuing connected transaction under the Agreement	2,151,000	2,151,000	—
aggregate annual caps	47,165,000	47,165,000	45,014,000

The annual caps above are rounded up to the nearest thousand for ease of reference.

Based on above calculations, the largest aggregate annual cap for the Existing Agreements and the continuing connected transaction under the Agreement for each of the three years ending 31 December 2014 is RMB47,165,000.

Since the highest applicable percentage ratio for the largest aggregate annual cap for the Existing Agreements and the continuing connected transaction under the Agreement is more than 0.1% but less than 5%, the continuing connected transaction under the Agreement is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and is exempted from the independent shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the Agreement (including the aggregate annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. No Director has a material interest in the transaction under the Agreement.

GENERAL INFORMATION

The Group is principally engaged in the businesses of property development, management and investment in the PRC, including Hong Kong.

YX Financial Leasing is principally engaged in the businesses of finance leasing.

DEFINITIONS

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

“Agreement”	the property leasing agreement entered into between YX IFC and YX Financial Leasing on 22 June 2012
“Board”	the board of Directors
“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 The Singapore Exchange Securities Trading Limited
“connected persons”	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
“Existing Agreements”	has the meaning ascribed to it under the heading “Listing Rules Implications” in this announcement
“Group”	the Company and its subsidiaries
“Guangzhou IFC”	The Guangzhou International Financial Centre located in Guangzhou, PRC
“GZ YX”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government
“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”	the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Taiwan and Macau
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“YX Financial Leasing”	廣州越秀融資租賃有限公司 (Guangzhou Yuexiu Financial Leasing Co., Ltd.), a company incorporated in the PRC with limited liability
“YX IFC”	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.), a company incorporated in the PRC with limited liability

“%” percentage

“m²” square metres

For and on behalf of the Board
Yuexiu Property Company Limited
LU Zhifeng
Chairman

Hong Kong, 22 June 2012

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

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

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