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CONTINUING CONNECTED TRANSACTIONS FRAMEWORK LEASE AGREEMENT

FRAMEWORK LEASE AGREEMENT

On 30 November 2015, GCCD (an indirect 95%-owned subsidiary of the Company) and GZYG entered into the Framework Lease Agreement for a term of three years commencing from 1 January 2016 to govern the leasing of the Lease Properties by GCCD to members of the GZYG Associates.

PROPOSED ANNUAL CAPS

The Annual Caps for the Lease Transactions are RMB49,000,000, RMB72,000,000 and RMB75,000,000 for the years ending 31 December 2016, 2017 and 2018 respectively.

LISTING RULES IMPLICATIONS

GZYG is the controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As such, the Lease Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the Annual Caps is more than 0.1% but less than 5%, the Lease Transactions are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) considers that: (i) the terms of the Framework Lease Agreement are fair and reasonable and on normal commercial terms; (ii) the Lease Transactions are in the ordinary and usual course of business of the Group; (iii) the entering into of the Framework Lease Agreement by GCCD 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.

FRAMEWORK LEASE AGREEMENT

On 30 November 2015, GCCD (an indirect 95%-owned subsidiary of the Company) and GZYG entered into the Framework Lease Agreement to govern the leasing of the Lease Properties by GCCD to members of the GZYG Associates.

Term and Termination

The Term is three years commencing from 1 January 2016 up to and including 31 December 2018.

Subject to compliance with the relevant requirements under the Listing Rules, GCCD and GZYG may, within three months before the end of the Term, agree to renew the Framework Lease Agreement on such terms and conditions as may be mutually agreed.

Either party to the Framework Lease Agreement may terminate the Framework Lease Agreement by giving not less than 30 days prior written notice to the other party.

SPECIFIC LEASE AGREEMENT

Subject to compliance with the terms and conditions of the Framework Lease Agreement, any member of the GZYG Associates willing to take up a lease in respect of the Lease Properties shall enter into a Specific Lease Agreement with GCCD (as landlord) in relation to the Lease Properties which must satisfy the following requirements:

- (i) the term of the Specific Lease Agreement must be for a fixed term of not more than three years;
- (ii) the terms and conditions of the Specific Lease Agreement must be no less favourable than the terms and conditions of lease agreements entered into by independent third parties for similar or comparable premises;
- (iii) the aggregate annual rental payable under all of the Specific Lease Agreements for any given year during the Term shall not exceed the corresponding Annual Cap for the relevant year; and

(iv) the annual rental payable by the relevant member of the GZYX Associates to GCCD under the Specific Lease Agreement shall be negotiated and determined in accordance with the following principles to ensure that the relevant pricing terms are fair and reasonable:

1. based on the respective interests of the relevant member of the GZYX Associates and GCCD;
2. with reference to the then prevailing market conditions and at a rate that is no less favourable than the rental of other similar or comparable spaces and/or units in the Yuexiu Financial Tower that GCCD charges to independent third parties; and
3. where the similar or comparable spaces and/or units referred to in the paragraph above are not available, with reference to the rental of commercial properties that are of the same grade as and that are close to the Yuexiu Financial Tower in the same district.

Pursuant to the Framework Lease Agreement, any lease agreement entered into between any member of the GZYX Associates and GCCD in respect of any Lease Properties prior to and remaining in effect as at the effective date of the Framework Lease Agreement is deemed to be a Specific Lease Agreement for the purposes of calculating the relevant Annual Cap.

Upon termination or expiration of the Framework Lease Agreement, no new Specific Lease Agreements shall be entered into unless otherwise agreed to by GCCD and GZYX.

In the event that: (i) the term of any Specific Lease Agreement will end after the end of the Term, and the Framework Lease Agreement is not extended or renewed; or (ii) the Framework Lease Agreement is terminated in accordance with its terms prior to the end of the term of any Specific Lease Agreement, such Specific Lease Agreement shall remain in effect and the Company shall comply in full with the applicable requirements under the Listing Rules for such Specific Lease Agreement in respect of the period for which the term of such Specific Lease Agreement exceeds the Term.

PROPOSED ANNUAL CAPS

The Annual Caps are determined with reference to: (i) the estimated aggregated annual rental payable by the GZYX Associates to GCCD under the Specific Lease Agreements which are estimated to be entered into by members of the GZYX Associates with GCCD during the Term; and (ii) allowing a reasonable buffer to cater for possible increases in the number of the Lease Transactions and in the amount of rental payable.

The Annual Caps are set out below:

For the year ending 31 December 2016 <i>(RMB)</i>	For the year ending 31 December 2017 <i>(RMB)</i>	For the year ending 31 December 2018 <i>(RMB)</i>
49,000,000	72,000,000	75,000,000

In the event that the entering into or amendment of any Specific Lease Agreement will result in (upon the due execution or amendment of such Specific Lease Agreement by the relevant parties) the aggregate annual rental payable by the GZYX Associates to GCCD exceeding the Annual Cap for the relevant 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, no such Specific Lease Agreement shall be entered into or amended.

REASONS FOR AND BENEFITS OF THE FRAMEWORK LEASE AGREEMENT

The Yuexiu Financial Tower is a newly completed property conveniently located in the central axis of the Zhujiang New Town in the central business district of Guangzhou, and is positioned as an international grade-A office building. Given the sizeable and established operations of different members of the GZYX Associates, in particular that certain members of the GZYX Associates are engaged in financial businesses, the Directors consider that the GZYX Associates match the target tenant profiles of the Yuexiu Financial Tower, and that the leasing of the Lease Properties to members of the GZYX Associates would provide the Group with a group of reliable tenants and a stable source of rental income on normal commercial terms.

In addition, the Directors consider that the Framework Lease Agreement can set out a framework and streamline the leasing processes in respect of the Lease Properties between members of the GZYX Associates and GCCD. The Framework Lease Agreement will also provide a single basis on which the Company will comply with the relevant reporting, announcement and annual review requirements (to the extent applicable) in compliance with the Listing Rules and thereby enhances administrative efficiency and saves costs for the Company in complying with such requirements.

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 Lease Agreement are fair and reasonable and on normal commercial terms; (ii) the Lease Transactions are in the ordinary and usual course of business of the Group; (iii) the entering into of the Framework Lease Agreement by GCCD 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) and on Singapore Exchange Securities Trading Limited. It is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, the Yangtze River Delta, the Bohai Rim and the Central Region.

INFORMATION OF GCCD

GCCD is principally engaged in the development, operation, leasing and management of properties. GCCD developed and owns the Yuexiu Financial Tower.

INFORMATION OF GZYX

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

LISTING RULES IMPLICATIONS

GZYX is the controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As such, the Lease Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the Annual Caps is more than 0.1% but less than 5%, the Lease Transactions are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the Lease Transactions.

DEFINITIONS

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

“Annual Caps”	the annual aggregate maximum amounts payable by the GZYZ Associates to GCCD under the Lease Transactions for the Term as set out in the section headed “Proposed Annual Caps” of this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	Yuexiu 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) and on Singapore Exchange Securities Trading Limited
“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 Lease Agreement”	the framework lease agreement dated 30 November 2015 entered into between GCCD and GZYZ to govern the rental and leasing of the Lease Properties 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
“Group”	the Company and its subsidiaries, and “member of the Group” means any one of them

“GZYX”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*)
“GZYX Associates”	collectively, GZYX and its subsidiaries and associates (excluding the Company and its subsidiaries), and “member of the GZYX Associates” means any one of them
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Properties”	certain spaces and units of the Yuexiu Financial Tower agreed to be leased by GCCD to the relevant member(s) of the GZYX Associates after consideration of the reasonable request made by GZYX from time to time
“Lease Transactions”	the leasing of the Lease Properties under any Specific Lease Agreement(s)
“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, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Specific Lease Agreement(s)”	the specific lease agreements (in the prescribed form as set out in the Framework Lease Agreement or as otherwise agreed between the relevant member(s) of the GZYX Associates and GCCD) to be or to be deemed to have been entered into between the relevant member(s) of the GZYX Associates (as tenant) and GCCD (as landlord) pursuant to the Framework Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the three-year period commencing from 1 January 2016 up to and including 31 December 2018

“Yuexiu Financial
Tower”

the real property known as “Yuexiu Financial Tower”
(越秀金融大厦), located at No. 28 Zhujiang East Road,
Guangzhou, PRC

* *for identification purposes only*

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

Hong Kong, 30 November 2015

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