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*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

**DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF  
77.79% EQUITY INTEREST IN GUANGZHOU YUEHUI PROPERTY CO. LTD\***

**DISPOSAL OF 77.79% EQUITY INTEREST IN GUANGZHOU YUEHUI  
PROPERTY CO. LTD\***

The Company announces that the Purchaser has been confirmed by Guangzhou Equity Exchange as the successful bidder in accordance with the Public Tender in relation to the Disposal, which commenced on 22 November 2018 and ended on 20 December 2018. The effective bid price is (i) RMB2,417,500,000 for the Equity Transfer and (ii) undertaking 77.79% of the related liabilities of Guangzhou Yuehui as at the date of transfer of such liabilities.

In connection with the Purchaser's successful bid, the Seller and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 77.79% of the equity interest in Guangzhou Yuehui for a consideration of RMB2,417,500,000. In addition, as at the Loan Reference Date, the total amount of debt owing by Guangzhou Yuehui to GCCD is RMB360,000,000, among which RMB280,044,000 (being approximately 77.79% of the Loan Amount) shall be injected by the Purchaser into Guangzhou Yuehui within 5 Business Days after the date of Completion. On the same day as the date of receipt of the Repayment Amount from the Purchaser, Guangzhou Yuehui shall pay to the Seller the same amount for the purpose of partial repayment of the Loan Amount.

The Total Consideration is estimated to be RMB2,697,544,000 (assuming that the entire amount owing from Guangzhou Yuehui to GCCD as at the date of Completion is the same as that as at the Loan Reference Date). The portion of the effective bidding price which relates to the consideration payable for a 77.79% equity interest in Guangzhou Yuehui was determined with reference to the appraised net asset value of Guangzhou Yuehui as at 30 September 2018, as valued by the Independent Valuer. On the other hand, the portion of the effective bidding price which relates to the amount payable for settlement of the 77.79% of the Loan Amount represents the dollar-for-dollar value of the Loan Amount. The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 5% but is less than 25%, the Disposal is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors had a material interest in the Disposal, no Director has abstained from voting on the relevant board resolutions of the Company.

### **INTRODUCTION**

Reference is made to the announcements dated 17 August 2018 and 22 November 2018 of the Company in relation to, among others, the potential disposal of certain equity interest in a subsidiary of the Company through public tender (“**Public Tender**”) and the commencement of the public tender process of such potential disposal, respectively.

The Company announces that the Purchaser has been confirmed by Guangzhou Enterprises Mergers and Acquisition Services\* (廣州產權交易所) (the “**Guangzhou Equity Exchange**”) as the successful bidder in accordance with the Public Tender in relation to the Disposal, which commenced on 22 November 2018 and ended on 20 December 2018. The effective bid price is (i) RMB2,417,500,000 for the Equity Transfer and (ii) undertaking 77.79% of the related liabilities of Guangzhou Yuehui as at the date of transfer of such liabilities.

In connection with the Purchaser's successful bid, the Seller and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 77.79% of the equity interest in Guangzhou Yuehui for a consideration of RMB2,417,500,000.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

21 December 2018

### **Parties**

The Seller as seller and the Purchaser as purchaser

As at the date of this announcement, the Purchaser is wholly-owned by the No. 1 Fund. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

### **Asset to be disposed of**

Pursuant to the Equity Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 77.79% of the equity interest in Guangzhou Yuehui.

### **Consideration and payment terms**

The Purchaser has paid earnest money in the amount of RMB483,500,000 (the "**Earnest Money**") to the Guangzhou Equity Exchange upon its registration to participate in the bidding process for the acquisition of the 77.79% equity interest in Guangzhou Yuehui by way of Public Tender.

The Equity Transfer Consideration of RMB2,417,500,000 shall be payable in instalments by the Purchaser to the Seller. The first instalment of RMB1,450,500,000 (the "**First Instalment**"), being 60% of the Equity Transfer Consideration (inclusive of the Earnest Money already paid to the Guangzhou Equity Exchange), shall be payable by the Purchaser to the Seller (via a custodian account designated by the Guangzhou Equity Exchange) within 5 Business Days from the effective date of the Equity Transfer Agreement. The Earnest Money will be transferred directly from the

Guangzhou Equity Exchange to the Seller upon verification of the Purchaser's qualifications by the Guangzhou Equity Exchange and will automatically be regarded as the First Instalment and will automatically form part of the Equity Transfer Consideration upon receipt by the Seller.

The remaining amount of the Equity Transfer Consideration (less any withholding tax in respect of the Equity Transfer that the Purchaser is required to withhold according to the Applicable Laws) shall be payable by the Purchaser within 1 month from the effective date of the Equity Transfer Agreement with an annual interest rate of 6.5%, and the Purchaser shall provide guarantee acceptable to the Seller in respect of the above payment obligation.

In addition, as at the Loan Reference Date, the total amount of debt owing by Guangzhou Yuehui to GCCD is RMB360,000,000 (the "**Loan Amount**"), among which RMB280,044,000 (being approximately 77.79% of the Loan Amount, the "**Repayment Amount**") shall be injected by the Purchaser into Guangzhou Yuehui within 5 Business Days after the date of Completion. On the same day as the date of receipt of the Repayment Amount from the Purchaser, Guangzhou Yuehui shall pay to the Seller the same amount for the purpose of partial repayment of the Loan Amount.

### **Conditions precedent**

Completion of the Equity Transfer is conditional upon the Seller having obtained the necessary internal authorisations and approvals, and approvals from the relevant stock exchange, third parties and government authorities (as applicable).

### **Completion of the Equity Transfer**

Subject to the fulfilment of the above conditions precedent, Guangzhou Yuehui shall arrange for registration of the Disposal with the State Administration for Industry and Commerce of the PRC and the Ministry of Commerce of the PRC or their relevant local counterparts within 10 Business Days after the signing of the Equity Transfer Agreement. Completion shall take place on the date on which the Purchaser becomes the registered holder of 77.79% equity interest in Guangzhou Yuehui ("**Completion**").

### **Compensation**

The non-defaulting party shall have a right to require the defaulting party to compensate the non-defaulting party for the loss suffered by the non-defaulting party that is caused by the defaulting party's breach of the Equity Transfer Agreement or any related subsidiary agreements or supplemental provisions.

## Termination

The Equity Transfer Agreement shall be terminated upon performance of all rights and obligations set forth therein.

## BASIS OF DETERMINATION OF TOTAL CONSIDERATION

The Total Consideration is estimated to be RMB2,697,544,000 (assuming that the entire amount owing from Guangzhou Yuehui to GCCD as at the date of Completion is the same as that as at the Loan Reference Date). Such amount has been determined in accordance with the rules and procedures of the Public Tender in relation to the Disposal and is equal to the effective bidding price. The portion of the effective bidding price which relates to the consideration payable for a 77.79% equity interest in Guangzhou Yuehui was determined with reference to the appraised net asset value of Guangzhou Yuehui as at 30 September 2018, as valued by the Independent Valuer. On the other hand, the portion of the effective bidding price which relates to the amount payable for settlement of the 77.79% of the Loan Amount represents the dollar-for-dollar value of the Loan Amount.

The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## INFORMATION OF GUANGZHOU YUEHUI

Guangzhou Yuehui is principally engaged in leasing of premises (excluding warehouse storage) and residential properties. The unaudited consolidated financial information of Guangzhou Yuehui prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2016 and 31 December 2017, respectively, is as follows:

	<b>For the financial year ended 31 December 2016</b>	<b>For the financial year ended 31 December 2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	45,478	457,262
Net profit (or loss) before taxation	(361,966)	131,401
Net profit (or loss) after taxation	(243,893)	11,815

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The Group is expected to record a gain (after tax) of approximately RMB300,000,000 as a result of the Disposal. The actual financial effects of the Disposal will be determined with reference to the financial status of Guangzhou Yuehui as at the date of Completion.

## **USE OF PROCEEDS**

The net proceeds from the Disposal of approximately RMB2,580,000,000 after taking into account the related transaction costs of approximately RMB10,000,000, will be used by the Group for refinancing the Group's existing debts, future potential investments and general working capital purposes.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Guangzhou Yuehui mainly holds Yuexiu Fortune World Plaza\* (越秀財富天地廣場) which is located in Guangzhou City. The Company considers that the Disposal is expected to improve the asset turnover rate and generate a significant cash inflow, thus enhancing the Group's ability to acquire additional land parcels or equity interests in other property companies.

Taking into account the net proceeds from the Disposal and the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE COMPANY, THE SELLER, AND THE PURCHASER**

### **The Company**

The Company 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.

### **The Seller**

The Seller is principally engaged in investment holding.

## **The Purchaser**

The Purchaser is a special purpose vehicle wholly-owned by the No. 1 Fund and is principally engaged in commercial services.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 5% but is less than 25%, the Disposal is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors had a material interest in the Disposal, no Director has abstained from voting on the relevant board resolutions of the Company.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Applicable Laws”	in respect of any person, means public, effective and applicable provisions, laws, administrative regulations, local laws and regulations, articles, decisions, orders, judicial interpretations, judgments, rulings, arbitral awards and other regulatory documents applicable to such person or binding on such person or such person's assets
“Business Day”	a day (other than a Saturday, Sunday or public holiday in the PRC)
“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)
“Completion”	has the meaning ascribed to it in the section headed “ <i>Completion of Equity Transfer</i> ” of this announcement
“Directors”	the directors of the Company

“Disposal”	collectively, the Equity Transfer and the payment of the Repayment Amount by the Purchaser to Guangzhou Yuehui for settlement of the Loan Amount in accordance with the terms of the Equity Transfer Agreement
“Earnest Money”	has the meaning ascribed to it in the section headed “ <i>Consideration and payment terms</i> ” of this announcement
“Equity Transfer”	the transfer of 77.79% of the equity interest in Guangzhou Yuehui by the Seller to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Seller and the Purchaser dated 21 December 2018 regarding the Equity Transfer
“Equity Transfer Consideration”	RMB2,417,500,000, being the consideration for the Equity Transfer payable by the Purchaser to the Seller
“First Instalment”	has the meaning ascribed to it in the section headed “ <i>Consideration and payment terms</i> ” of this announcement
“GCCD”	廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co., Ltd.*), a limited liability company incorporated in the PRC which is indirectly owned as to 95% by the Company and 5% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Group Company Limited*) respectively, the latter of which is in turn indirectly wholly-owned by GZYYX, the controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Equity Exchange”	has the meaning ascribed to it in the section headed “Introduction” of this announcement
“Guangzhou Yuehui”	廣州市越滙房地產有限公司 (Guangzhou Yuehui Property Co., Ltd.*), a company incorporated in the PRC and indirectly owned as to 77.79% by the Seller and as to 22.21% by GCCD



“Guangzhou 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 limited liability company incorporated in the PRC which is a subsidiary of GZYX
“GZ Industrial Fund”	廣州國資產業發展股權投資基金合夥企業(有限合夥) (Guangzhou State Assets Industrial Equity Investment Fund Enterprise (Limited Partnership)*), a limited partnership investment fund established under the laws of the PRC and is owned directly as to approximately 79.10% by independent third parties and indirectly as to approximately 20.90% (in aggregate) by Guangzhou Yuexiu Financial, in each case as limited partners; with its general partner being 廣州越秀產業投資基金管理股份有限公司 (Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd*) which is a limited liability company incorporated in the PRC and a 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Amount”	has the meaning ascribed to it in section headed “ <i>Consideration and payment terms</i> ” of this announcement

“Loan Reference Date”	20 November 2018
“No. 1 Fund”	廣州明睿一號實業投資合夥企業(有限合夥) (Guangzhou Ming Rui No. I Business Investment Enterprise (Limited Partnership)*), a limited partnership investment fund established under the laws of the PRC owned as to 14% by GCCD and as to 86% by GZ Industrial Fund, respectively, as limited partners; with its general partner being Yuexiu Zhonglian, which is indirectly owned as to 45% by the Company and 55% by Independent Third Parties
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	廣州嘉創經濟信息諮詢有限公司 (Guangzhou Jiachuang Economic Information Consulting Co., Ltd.*), a limited liability company incorporated in the PRC which is wholly-owned by the No. 1 Fund
“Public Tender”	has the meaning ascribed to it in section headed “ <i>Introduction</i> ” of this announcement
“Repayment Amount”	has the meaning ascribed to it in section headed “ <i>Consideration and payment terms</i> ” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	慶和投資有限公司 (Kingwell Investment Ltd.), a limited liability company incorporated under the laws of Hong Kong and which is an indirectly wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Consideration”	the aggregate consideration payable by the Purchaser for the Equity Transfer and the payment of the Repayment Amount by the Purchaser to Guangzhou Yuehui for settlement of the Loan Amount in accordance with the terms of the Equity Transfer Agreement

“Yuexiu Zhonglian”

廣州越秀中聯股權投資基金管理有限公司 (Guangzhou Yuexiu United Equity Investment Fund Management Company Limited\*), a limited liability company incorporated in the PRC and which is indirectly owned as to 45% by the Company and 55% by Independent Third Parties

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

Hong Kong, 21 December 2018

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

*Executive Directors:* LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan

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

\* *for identification purpose only*