

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF
100% EQUITY INTEREST IN
FOSHAN NANHAI YUEXIU PROPERTY COMPANY LIMITED***

**DISPOSAL OF 100% EQUITY INTEREST IN FOSHAN NANHAI YUEXIU PROPERTY
COMPANY LIMITED***

We refer to the announcement of the Company on 21 October 2019 in relation to the potential disposal of 100% equity interest in Nanhai Yuexiu, a wholly-owned subsidiary of the Company, through Public Tender and the commencement of the Public Tender process. Nanhai Yuexiu mainly holds a complex property project in Nanhai comprising shopping malls, entertainment facilities, offices and residential properties. The Public Tender in relation to the Disposal commenced on 21 October 2019 and ended on 15 November 2019.

The Company is pleased to announce that the Purchaser has been confirmed by Guangzhou Equity Exchange as the successful bidder. The effective bid price comprises (i) the consideration for the Equity Transfer in the sum of RMB355,361,000 and (ii) an undertaking to refinance 100% of the debt of Nanhai Yuexiu owing to GCCD, a 95%-owned indirect PRC subsidiary of the Company. As at the Loan Reference Date, being 31 July 2019, such debt amounted to RMB997,288,847.13.

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

We refer to the announcement of the Company on 21 October 2019 in relation to the potential disposal of 100% equity interest in Nanhai Yuexiu, a wholly-owned subsidiary of the Company through Public Tender and the commencement of the Public Tender. The Public Tender in relation to the Disposal commenced on 21 October 2019 and ended on 15 November 2019.

The Company is pleased to announce that the Purchaser has been confirmed by Guangzhou Equity Exchange as the successful bidder. The effective bid price comprises (i) the consideration for the Equity Transfer in the sum of RMB355,361,000 and (ii) an undertaking to refinance 100% of the debt of Nanhai Yuexiu owing to GCCD, a 95%-owned indirect PRC subsidiary of the Company.

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, 100% of the equity interest in Nanhai Yuexiu at a consideration of RMB355,361,000. In addition, the Purchaser shall, after Completion and before 31 December 2019, arrange for the injection into Nanhai Yuexiu of an amount equivalent to the total amount of debt owing by Nanhai Yuexiu to GCCD as at the date of injection of such fund. The Purchaser shall procure that on the same day as the date of receipt of the above injected amount, Nanhai Yuexiu shall repay GCCD the same amount for the purpose of full repayment of 100% of the debt it owes to GCCD. As at the Loan Reference Date, being 31 July 2019, such debt amounted to RMB997,288,847.13.

The Seller, the Purchaser, Nanhai Yuexiu and GCCD further entered into the Loan Arrangement Agreement which sets out (among others) Nanhai Yuexiu's obligations to use the above injected amount to repay 100% of the debt Nanhai Yuexiu owes to GCCD on the same day as the date of receipt of such amount by Nanhai Yuexiu.

EQUITY TRANSFER AGREEMENT AND LOAN ARRANGEMENT AGREEMENT

Equity Transfer Agreement

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

Date

22 November 2019

Parties

The Seller as seller and the Purchaser as purchaser

Save as disclosed herein, 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

100% of the equity interest in Nanhai Yuexiu

Consideration and payment terms

The Purchaser has paid earnest money in the amount of RMB177,680,500 (the “**Earnest Money**”) to the Guangzhou Equity Exchange upon its registration to participate in the bidding process for the acquisition of the 100% equity interest in Nanhai Yuexiu by way of Public Tender.

The Equity Transfer Consideration of RMB355,361,000 (inclusive of the Earnest Money already paid to the Guangzhou Equity Exchange) shall be payable in a lump sum by the Purchaser to the Seller via a custodian account designated by the Guangzhou Equity Exchange within 5 Business Days from the 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 part of the Equity Transfer Consideration upon receipt by the Seller.

In addition, the Purchaser shall, after Completion and before 31 December 2019, arrange for the injection into Nanhai Yuexiu of an amount equivalent to the total amount of debt owing by Nanhai Yuexiu to GCCD (the “**Loan Amount**”) as at the date of injection of such fund (the “**Loan Transfer Date**”). The Purchaser shall procure that on the same day as the date of receipt of the above injected amount, Nanhai Yuexiu shall repay GCCD the same amount for full repayment of the Loan Amount (the “**Loan Repayment**”). As at the Loan Reference Date, the Loan Amount was RMB997,288,847.13.

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 (if applicable).

Completion of the Equity Transfer

Subject to the fulfilment of the above conditions precedent, the Seller shall procure Nanhai Yuexiu to 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 100% equity interest in Nanhai Yuexiu (“**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.

Loan Arrangement Agreement

The Seller, the Purchaser, Nanhai Yuexiu and GCCD further entered into the Loan Arrangement Agreement which sets out (among others) Nanhai Yuexiu's obligations to use the amount that the Purchaser has arranged to be injected into Nanhai Yuexiu to repay the Loan Amount to GCCD on the same day as the date of receipt of such amount by Nanhai Yuexiu.

BASIS OF DETERMINATION OF TOTAL CONSIDERATION

The Total Consideration, comprising the Equity Transfer Consideration and the Loan Amount, is estimated to be RMB1,352,649,847.13 (assuming that the entire amount owing from Nanhai Yuexiu to GCCD as at the Loan Transfer Date is the same as that as at the Loan Reference Date). Such amount was the effective bid price determined in accordance with the rules and procedures of the Public Tender in relation to the Disposal. The Equity Transfer Consideration, which is the consideration for 100% of the equity interest in Nanhai Yuexiu, was determined with reference to the net asset value of Nanhai Yuexiu as at 31 July 2019, as appraised by the Independent Valuer. On the other hand, the Loan Amount is equivalent to the total amount of debt owing by Nanhai Yuexiu to GCCD as at the Loan Transfer Date.

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 NANHAI YUEXIU

Nanhai Yuexiu is principally engaged in operating the Foshan Xinghui Yunjin Project* (佛山星滙雲錦項目) located in Nanhai District, Foshan, which is a complex property project comprising shopping malls, entertainment facilities, offices and residential properties.. The unaudited financial information of Nanhai Yuexiu prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the financial years ended 31 December 2017 and 31 December 2018, respectively, is as follows:

	For the financial year ended 31 December 2017	For the financial year ended 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,002,340	292,951
Net profit (or loss) before taxation	55,654	(181,182)
Net profit (or loss) after taxation	37,007	(187,641)

FINANCIAL EFFECTS OF THE DISPOSAL

The Group is expected to record a gain (after tax) of approximately RMB27,940,000 as a result of the Disposal. The actual financial effects of the Disposal will be determined with reference to the financial status of Nanhai Yuexiu as at the date of Completion.

USE OF PROCEEDS

The proceeds from the Disposal of approximately RMB1,352,000,000 will, after deducting all relevant expenses, be used by the Group for future potential investments and general working capital purposes.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Nanhai Yuexiu mainly holds the Foshan Xinghui Yunjin Project* (佛山星滙雲錦項目) located in Nanhai District, Foshan, which is a complex property project comprising shopping malls, entertainment facilities, offices and residential properties. The Company expects that the Disposal will improve the Group's asset turnover rate and generate additional cash inflow, which would enhance the Group's ability to acquire or invest in other land parcels or property projects.

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, the Loan Arrangement 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, focusing on property development in Guangdong-Hong Kong-Macau Greater Bay Area, Eastern Region, Central Region and Northern Region.

The Seller

The Seller is principally engaged in investment holding.

The Purchaser

The Purchaser is a special purpose vehicle which is a subsidiary of 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, judgements, 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 “Equity Transfer Agreement and Loan Arrangement Agreement – Equity Transfer Agreement – Completion of Equity Transfer” of this announcement
“Directors”	the directors of the Company
“Disposal”	collectively, the Equity Transfer in accordance with the terms of the Equity Transfer Agreement and the Loan Repayment in accordance with the terms of the Equity Transfer Agreement and the Loan Arrangement Agreement
“Earnest Money”	has the meaning ascribed to it in the section headed “Equity Transfer Agreement and Loan Arrangement Agreement – Equity Transfer Agreement – Consideration and payment terms” in this announcement
“Equity Transfer”	the transfer of 100% of the equity interest in Nanhai Yuexiu 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 22 November 2019 regarding the Equity Transfer
“Equity Transfer Consideration”	RMB355,361,000, being the consideration for the Equity Transfer payable by the Purchaser to the Seller

“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 under the laws of 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 GZYS, the controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Equity Exchange”	廣州產權交易所(Guangzhou Enterprises Mergers and Acquisition Services*)
“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 under the laws of the PRC which is a subsidiary of GZYS
“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 which is owned directly as to approximately 91.59% by Independent Third Parties and directly as to approximately 8.33% 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*), a limited liability company incorporated under the laws of the PRC which is a subsidiary of GZYS
“GZYS”	廣州越秀集團股份有限公司(Guangzhou Yue Xiu Holdings Limited*), a joint stock limited company incorporated under the laws of 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 who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is not a connected person of the Company and is a third party 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 Arrangement Agreement”	the loan arrangement agreement entered into between Seller, the Purchaser, Nanhai Yuexiu and GCCD dated 22 November 2019 regarding the Loan Repayment
“Loan Amount”	has the meaning ascribed to it in the section headed “Equity Transfer Agreement and Loan Arrangement Agreement – Equity Transfer Agreement – Consideration and payment terms” of this announcement
“Loan Reference Date”	31 July 2019
“Loan Repayment”	has the meaning ascribed to it in the section headed “Equity Transfer Agreement and Loan Arrangement Agreement – Equity Transfer Agreement – Consideration and payment terms” of this announcement
“Loan Transfer Date”	has the meaning ascribed to it in the section headed “Equity Transfer Agreement and Loan Arrangement Agreement – Equity Transfer Agreement – Consideration and payment terms” of this announcement
“Nanhai Yuexiu”	佛山市南海區越秀地產有限公司 (Foshan Nanhai Yuexiu Property Company Limited*), a limited liability company incorporated under the laws of the PRC which is wholly-owned by the Seller
“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. 1 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 85.98% by GZ Industrial Fund, respectively, as limited partners; and owned as to 0.02% by Yuexiu Zhonglian, as general partner
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	廣州悅錦諮詢有限責任公司 (Guangzhou Yuejin Consultancy Limited Liability Company*), a limited liability company incorporated under the laws of the PRC which is owned as to 99.75% by No. 1 Fund, which has the right to exercise all of the voting rights in the Purchaser, and as to 0.25% by a fund which is in turn owned as to 99.95% by GZ Industrial Fund as limited partner
“Public Tender”	a public tender process carried out via the Guangzhou Equity Exchange
“RMB”	Renminbi, the lawful currency of the PRC

“Seller”	頂卓有限公司 (Extra Act Limited), a limited liability company incorporated under the laws of Hong Kong and an indirect 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 sum of the Equity Transfer Consideration and the Loan Amount
“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 under the laws of the PRC which is indirectly owned as to 45% by the Company and 55% by Independent Third Parties
“%”	per cent

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

Hong Kong, 22 November 2019

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

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

Non-Executive Director: OUYANG Changcheng

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

** For identification purpose only*