
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, solicitor, professional accountant or other professional adviser and should obtain independent professional advice.

If you have sold or transferred all your shares in Yuexiu Property Company Limited (the “Company”) and are not a Qualifying Shareholder (as defined herein), you should immediately hand this prospectus and the accompanying application form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Hong Kong Securities Clearing Company Limited and the Singapore Exchange Securities Trading Limited (“SGX-ST”) take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in Appendix III to this prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission in Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of these documents.

The Company has a primary listing on the Stock Exchange and a secondary listing on the SGX-ST. Shareholders should take note that as the Stock Exchange is the principal exchange on which the shares of the Company are listed and the SGX-ST is the secondary stock exchange on which the shares of the Company are listed, the Company is not required to observe the continuing listing requirements of the SGX-ST, provided that it undertakes to (i) release information to the SGX-ST and the shareholders in Singapore at the same time as such information is required to be released to the Stock Exchange and the shareholders in Hong Kong; (ii) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the Stock Exchange; and (iii) comply with such other listing rules as may be applied by the SGX-ST from time to time.

Dealings in the Shares (as defined herein) may be settled through CCASS (as defined herein)/scripless settlement system of CDP and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

This prospectus or any written materials issued in connection with the offer is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). The offer of the Offer Shares (as defined herein) is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA. This prospectus and any other document or material in connection with the offer or sale of the Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than to a member of the Company pursuant to Section 273(1)(cd) of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange and the SGX-ST, as well as compliance with the stock admission requirements of HKSCC/CDP (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC/CDP for deposit, clearance and settlement in CCASS/scripless settlement system with effect from their respective commencement dates of dealings on the Stock Exchange or the SGX-ST or such other dates as determined by HKSCC/CDP. Settlement of transactions between participants of the Stock Exchange or the SGX-ST on any trading day is required to take place in CCASS/scripless settlement system on the second and third trading day thereafter, respectively. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All activities under scripless settlement system are subject to the “Terms and conditions for operation of securities account with The Central Depository (Pte) Limited” in effect from time to time.



越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 123)

OPEN OFFER OF NEW SHARES ON THE BASIS OF 3 OFFER SHARES FOR EVERY 10 SHARES IN ISSUE ON THE RECORD DATE

Underwriter to the Open Offer



Yue Xiu Enterprises (Holdings) Limited

Coordinator for Yuexiu Property Company Limited for the Open Offer



The Latest Time for Acceptance of and payment for the Offer Shares is 4:00 p.m. on Thursday, 28 October 2010. For Qualifying Shareholders with Shares standing to the credit of their securities accounts held with CDP, the latest time for acceptance of and payment for the Offer Shares is 5.00 p.m. on Thursday, 21 October 2010. The procedures for acceptance and payments is set out on pages 23 to 25 of this prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed “Termination of the Underwriting Agreement” on pages 16 to 17 of this prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Open Offer will not proceed.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Friday, 1 October 2010 on the SGX-ST and Monday, 4 October 2010 on the Stock Exchange and that dealing in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:00 p.m. on Friday, 29 October 2010), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own independent professional advisers.

14 October 2010

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	6
Letter from the Board	8
 APPENDICES	
I FINANCIAL INFORMATION	I-1
II UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
III GENERAL INFORMATION	III-1

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Announcement”	the announcement of the Company dated 14 September 2010 in relation to, among other things, the Open Offer and the Whitewash Waiver
“Application Form”	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of the Directors
“Business Day”	any day (other than a Saturday or Sunday, or a day on which a tropical cyclone warning signal numbered 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are open for business and the Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDP”	The Central Depository (Pte) Limited
“Circular”	the circular of the Company dated 24 September 2010 in relation to, among other things, the Open Offer and the Whitewash Waiver
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Yuexiu Property Company Limited (越秀地產股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and on the stock exchange operated by the SGX-ST
“connected person”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company held for the purpose of approving, among other things: (i) the Open Offer (in respect of the absence of any arrangement to apply for Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A of the Listing Rules); and (ii) the Whitewash Waiver
“Excluded Shareholder(s)”	those Overseas Shareholders to whom the Board, based on legal opinion or advice provided by legal advisers to the Company and on account either of the legal restrictions under the laws of the relevant place or requirements of the relevant regulatory body or stock exchange in that place, considers it unduly burdensome to, or otherwise necessary or expedient not to, offer the Offer Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	an independent committee of the Board comprising Mr. YU Lup Fat Joseph, Mr. LEE Ka Lun and Mr. LAU Hon Chuen Ambrose, being all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver
“Independent Financial Adviser”	Yu Ming Investment Management Limited, a licensed corporation for types 1, 4, 6, and 9 regulated activities under the SFO, which is an independent third party

DEFINITIONS

“Independent Shareholders”	(i) in respect of the ordinary resolution to approve the Open Offer (in respect of the absence of any arrangement to apply for Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A of the Listing Rules), Shareholders other than those who have a material interest in the relevant resolution (i.e., Shareholders other than Yue Xiu and Mr. Liang Ningguang); and (ii) in respect of the ordinary resolution to approve the Whitewash Waiver, Shareholders other than (a) Yue Xiu, Mr. Liang Ningguang and parties acting in concert with any of them, and (b) those others who have been involved in or are interested in the Open Offer and the Whitewash Waiver
“Irrevocable Undertaking”	an irrevocable undertaking given by the Underwriter under the Underwriting Agreement in favour of the Company to, among other things, subscribe for (or procure subscribers to subscribe for) such number of Offer Shares as will be provisionally allotted and issued to it and/or its nominee(s) as its assured entitlement under the Open Offer
“Last Trading Date”	14 September 2010, being the last trading date of the Shares prior to the release of the Announcement
“Latest Practicable Date”	11 October 2010, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 28 October 2010 or such later time or date as may be agreed in writing between the Company and Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares. In respect of Qualifying Shareholders with Shares standing to the credit of their securities accounts held with CDP, the latest time for acceptance of and payment for the Offer Shares is 5:00 p.m. on Thursday, 21 October 2010
“Latest Time for Termination”	4:00 p.m. on Friday, 29 October 2010, or such later time and date as may be agreed in writing between the Company and the Underwriter, being the latest time that the Underwriter may terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Liang Ningguang”	a director of each of Yue Xiu and 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), who is deemed to be a party acting in concert with Yue Xiu pursuant to the Takeovers Code

DEFINITIONS

“Offer Share(s)”	new Shares to be issued in the proportion of 3 Offer Shares to 10 existing Shares in issue at the close of business on the Record Date (rounded down to the nearest one)
“Open Offer”	the offer of the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Outstanding Options”	the outstanding options granted by the Company to subscribe for an aggregate of 57,342,000 Shares as at the Record Date and the Latest Practicable Date (as the context requires) pursuant to the Share Option Scheme
“Overseas Shareholders”	those Shareholders whose addresses, as shown on the register of members of the Company at the close of business on the Record Date, are outside Hong Kong or Singapore
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this prospectus only and unless the context otherwise requires, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	this prospectus and the Application Form
“Prospectus Posting Date”	Thursday, 14 October 2010 or such later date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 12 October 2010, being the date by reference to which entitlements to the Open Offer were determined
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.10 par value each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company which was approved by the Shareholders on 26 June 2002
“Shareholders”	holders of Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$1.61 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter” or “Yue Xiu”	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a company incorporated in Hong Kong, which is wholly-owned by 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), a limited liability company incorporated in the PRC which in turn is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“Underwriting Agreement”	the underwriting agreement dated 14 September 2010 entered into between the Company and Yue Xiu in relation to the Open Offer
“Whitewash Waiver”	a waiver granted by the Executive from the obligation of the Underwriter and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Open Offer and the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
“%”	per cent.
“€”	Euro, the official currency of certain member states of the European Union

EXPECTED TIMETABLE

2010

Latest Time for Acceptance of, and payment for, Offer Shares	4:00 p.m. on Thursday, 28 October
Latest time for the termination of the Underwriting Agreement, and expected time for the Open Offer to become unconditional	4:00 p.m. on Friday, 29 October
Announcement of results of the Open Offer	Tuesday, 2 November
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odds lots of Shares	Tuesday, 2 November
Despatch of certificates for the Offer Shares on or before	Wednesday, 3 November
Despatch of refund cheques in respect of invalid applications for the Offer Shares on or before	Wednesday, 3 November
Dealings in the Offer Shares to commence on the Stock Exchange	Friday, 5 November
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odds lots of Shares	Friday, 3 December

Notes:

1. Unless otherwise specified, all times and dates refer to Hong Kong local time.
2. Qualifying Shareholders with Shares standing to the credit of their securities accounts held with CDP shall comply with relevant procedures and arrangements of CDP in connection with the participation in the Open Offer. Please refer to the section headed "Procedure for Application" on pages 23 to 25 of this prospectus for details. If you are in any doubt as to what action to take in relation to the Open Offer, you should immediately consult your local independent advisers or CDP directly.
3. Please note that the above timetable is subject to change. If there are changes to the above timetable, the Company will publish an announcement as soon as practicable.
4. The Latest Time for Acceptance will not take place if there is:
 - tropical cyclone warning signal numbered 8 or above; or
 - "black" rainstorm warning,

EXPECTED TIMETABLE

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the latest date for acceptance of and payment for the Offer Shares. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of and payment for the Offer Shares. Instead, the Latest Time for Acceptance will then be rescheduled to 4:00 p.m. on the following Business Day, which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the expected latest date for acceptance of the Offer Shares, the dates subsequent to that latest expected date as mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

LETTER FROM THE BOARD



(Incorporated in Hong Kong with limited liability)

(Stock Code: 123)

Executive Directors:

Mr. LU Zhifeng (*Chairman*)
Mr. ZHANG Zhaoxing
Mr. LIANG Yi
Mr. TANG Shouchun
Mr. LIANG Youpan
Mr. LAM Yau Fung Curt

Registered office:

26th Floor, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Independent Non-executive Directors:

Mr. YU Lup Fat Joseph
Mr. LEE Ka Lun
Mr. LAU Hon Chuen Ambrose

14 October 2010

To the Shareholders

Dear Sir or Madam,

OPEN OFFER OF NEW SHARES ON THE BASIS OF 3 OFFER SHARES FOR EVERY 10 SHARES IN ISSUE ON THE RECORD DATE

A. INTRODUCTION

On 14 September 2010, the Company announced that, among other things, the Company proposed a fund raising exercise by way of the Open Offer of new Shares on the basis of 3 Offer Shares for every 10 existing Shares in issue on the Record Date (rounded down to the nearest one), at a price of HK\$1.61 per Offer Share. As at the Record Date, the Company has 7,139,407,914 Shares in issue. Accordingly, 2,141,822,374 Offer Shares will be allotted and issued under the Open Offer. The Open Offer will not be available to the Excluded Shareholders.

On 24 September 2010, the Circular in relation to, inter alia, the Open Offer and the Whitewash Waiver was despatched to the Shareholders. The Executive has granted the Whitewash Waiver, which was subject to the approval of the Independent Shareholders by way of poll at the EGM. The Open Offer (in respect of the absence of any arrangement to apply for Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A of the Listing Rules) and the Whitewash Waiver, among other things, were approved by the Independent Shareholders by way of poll at the EGM on 12 October 2010.

LETTER FROM THE BOARD

The purpose of this prospectus is to set out, among other things, further information regarding the Open Offer, including information on dealings in and application for Offer Shares, and financial information and other information of the Group.

B. THE OPEN OFFER

1. Basis of the Open Offer

Basis of the Open Offer	:	On the basis of 3 Offer Shares for every 10 existing Shares in issue on the Record Date (rounded down to the nearest one). No Offer Share will be offered to the Excluded Shareholders, and no fractional entitlement will be provisionally allotted or issued under the Open Offer.
Subscription Price	:	HK\$1.61 per Offer Share payable in full upon acceptance
Number of Shares in issue as at the Record Date	:	7,139,407,914 Shares
Number of Offer Shares	:	2,141,822,374 Offer Shares
Number of Offer Shares undertaken to be subscribed by Yue Xiu	:	Pursuant to the Irrevocable Undertaking, Yue Xiu has irrevocably undertaken to take up, or to procure subscribers to take up, all its entitlement(s) under the Open Offer, being an aggregate of 998,980,574 Offer Shares
Maximum number of Offer Shares being underwritten by the Underwriter	:	All the Offer Shares other than those irrevocably undertaken to be taken up, or procured to be taken up, by Yue Xiu under the Irrevocable Undertaking, being 1,142,841,800 Offer Shares which include Offer Shares created by the aggregation of fractional entitlements which will not be provisionally allotted or issued under the Open Offer
Amount to be raised by the Open Offer before expenses	:	approximately HK\$3,448.33 million
Application for excess Offer Shares	:	Not available

The Offer Shares (i.e., 2,141,822,374 Offer Shares) represent approximately 30% of the total issued share capital of the Company as at the Latest Practicable Date and will represent approximately 23.08% of the entire issued share capital of the Company as enlarged by the Open Offer.

As at the Latest Practicable Date, other than the Outstanding Options, the Company had no other derivatives, options, warrants and conversion rights or other similar rights which were convertible or exchangeable into Shares.

LETTER FROM THE BOARD

2. Subscription Price

The Subscription Price (i.e., HK\$1.61 per Offer Share) is payable in full on application. The Subscription Price represents:

- i. a discount of approximately 15.26% to the closing price of HK\$1.90 per Share as quoted on the Stock Exchange on the Last Trading Date;
- ii. a discount of approximately 15.26% to the average closing prices of HK\$1.90 per Share for the last five consecutive trading days up to and including the Last Trading Date;
- iii. a discount of approximately 13.90% to the average closing prices of HK\$1.87 per Share for the last ten consecutive trading days up to and including the Last Trading Date;
- iv. a discount of approximately 12.02% to the theoretical ex-entitlement price of approximately HK\$1.83 per Share based on the closing price of HK\$1.90 as quoted on the Stock Exchange on the Last Trading Date;
- v. a discount of approximately 11.05% to the closing price of HK\$1.81 as quoted on the Stock Exchange on the Latest Practicable Date; and
- vi. a discount of approximately 19.50% to the unaudited consolidated net assets value of HK\$2.00 per Share as at 30 June 2010, being the date as of which the latest unaudited consolidated financial information of the Group was made up.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter after taking into account, among other things: (i) the recent price performance of the Shares prior to the release of the Announcement; and (ii) the compelling reasons to raise equity funding in order to support the increasing capital requirement for the Group's business so as to maintain its competitiveness and to finance the Group's investment plan in property business (details as set out in the section headed "REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS" below). The Directors (including the members of the Independent Board Committee who have expressed their view in the Circular after receiving and considering the advice from the Independent Financial Adviser) consider that the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Company and its Shareholders as a whole. The net issue price per Offer Share is approximately HK\$1.60 after the estimated expenses of approximately HK\$12.50 million in connection with the Open Offer.

LETTER FROM THE BOARD

3. Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) if and to the extent legally and practically permissible, the prospectus, for information purposes only, to the Excluded Shareholders. To qualify for the Open Offer, a Shareholder must, at the close of business on the Record Date:

- i. be registered as a member of the Company on the register of members of the Company; and
- ii. not be an Excluded Shareholder.

4. Rights of the Excluded Shareholders

If, at the close of business on the Record Date, a Shareholder's registered address on the register of members of the Company is in a place outside Hong Kong or Singapore, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Record Date, the Company had Overseas Shareholders in Australia, Canada, Macau, the PRC, the United Kingdom and the United States of America with an aggregate shareholding of less than 0.005% of the total issued share capital of the Company. The Board has made enquiries with the Company's legal advisers to assist and enable the Board to consider whether it would be unduly burdensome to, or otherwise necessary or expedient not to, offer the Offer Shares to such Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or requirements of the relevant regulatory body or stock exchange in that place.

As stated in the announcement of the Company dated 12 October 2010, based on the legal opinion/advice obtained, the Open Offer is being extended to the Overseas Shareholders with registered addresses in Australia, Macau and the United Kingdom. The Board takes the view that the offer of the Offer Shares to Overseas Shareholders with registered addresses in Canada, the PRC and the United States of America would, or might, in the absence of compliance with registration or other requirements or formalities, be unlawful or impracticable in the circumstances. On this basis, the Board considers that it would be unduly burdensome to, or otherwise necessary or expedient not to, offer the Offer Shares to the Overseas Shareholders with registered addresses in Canada, the PRC and the United States of America and such Overseas Shareholders are regarded as Excluded Shareholders in relation to the Open Offer. The Offer Shares which such Excluded Shareholders would otherwise have been entitled to subscribe for will be taken up by the Underwriter under the Underwriting Agreement.

The Company will send the prospectus, for information purposes only, to the Excluded Shareholders with registered addresses in the United States of America, but will not send the prospectus to any Excluded Shareholder in Canada or the PRC as the Board considers it legally and/or practically not permissible to do so.

LETTER FROM THE BOARD

5. No transfer of nil-paid entitlements

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange or on the SGX-ST.

6. No application for excess Offer Shares

The Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Considering that each Qualifying Shareholder is given equal and fair opportunities to participate in the Company's future development by subscribing for his/her/its entitlements under the Open Offer, the Company has determined that it will not put in additional effort and incur the costs to administer the excess application procedures. All Offer Shares not taken up by the Qualifying Shareholders (excluding those to be taken up by Yue Xiu pursuant to the Irrevocable Undertaking) are underwritten by the Underwriter. As the related administration costs would be lowered, the Directors consider that the absence of application for excess Offer Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since no excess application for the Offer Shares is available and the Underwriter is the controlling shareholder of the Company, the absence of excess application under the Open Offer must be specifically approved by the Independent Shareholders at the EGM in compliance with Rule 7.26A(2) of the Listing Rules. The voting on such resolution has been conducted and the resolution approved by way of poll at the EGM.

7. Status of the Offer Shares

The Offer Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

8. Fractions of Offer Shares

The Offer Shares will be provisionally allotted and issued in the proportion of 3 Offer Shares to 10 existing Shares in issue at the close of business on the Record Date (rounded down to the nearest one), and fractional entitlements will not be provisionally allotted or issued under the Open Offer, but will be aggregated and underwritten by the Underwriter.

9. Certificates of the Offer Shares

Subject to fulfilment of the conditions of the Open Offer, share certificates in relation to the Offer Shares are expected to be posted on or before Wednesday, 3 November 2010 to those entitled thereto by ordinary post at their own risk.

LETTER FROM THE BOARD

10. Application for listing

Since the Shares have a primary listing on the Main Board of the Stock Exchange and a secondary listing on the SGX-ST, the Company has applied to the Listing Committee of the Stock Exchange and the SGX-ST, for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong and Singapore (where applicable).

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the SGX-ST, the Offer Shares will be traded under the book entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Offer Shares effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and conditions for operation of securities account with The Central Depository (Pte) Limited”, as the same may be amended from time to time. Copies of these are available from CDP.

11. Irrevocable Undertaking

Pursuant to the Irrevocable Undertaking, Yue Xiu has irrevocably undertaken to take up, or to procure subscribers to take up, all its entitlement(s) under the Open Offer being an aggregate of 998,980,574 Offer Shares, representing approximately 13.99% of the issued share capital of the Company as at the Latest Practicable Date.

12. Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. If the Underwriting Agreement has not become unconditional in accordance with its terms, the Open Offer will not proceed.

C. REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Directors believe that it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity capital through an Open Offer to finance its future expansion plan. Unlike borrowings or issuance of debt securities, the Directors consider that the Open Offer would be a preferred means for the Company to raise long-term funds without subjecting itself to interest burden or additional debt. The net proceeds of the Open Offer are expected to strengthen the Company’s capital base and provide greater financial flexibility for the Company to fund its future expansion needs. The Open Offer will enable all Shareholders to participate in the future development of the Company on equal terms.

LETTER FROM THE BOARD

It is the Company's intention to strengthen the replenishment of its land reserves in order to facilitate the enhancement of Shareholders' value. It is intended that the estimated net proceeds, being approximately HK\$3,435.83 million, from the Open Offer will be used for future land bank acquisition which is in-line with the Company's overall business strategy.

The Open Offer is fully underwritten by Yue Xiu, the Company's controlling shareholder, which demonstrates its confidence and conviction in the Company's future prospects.

The Directors (including the members of the Independent Board Committee who have expressed their view in the Circular after receiving and considering the advice from the Independent Financial Adviser) consider that the Open Offer is in the interests of the Company and its Shareholders as a whole for the reasons mentioned above. **However, the Excluded Shareholders and those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

D. UNDERWRITING ARRANGEMENTS

1. Underwriting Agreement dated 14 September 2010

Underwriter	: Yue Xiu, the controlling shareholder of the Company, whose ordinary course of business does not include underwriting
Maximum number of Offer Shares being underwritten by the Underwriter	: Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Offer Shares (excluding the Offer Shares to be taken up by the Underwriter pursuant to the Irrevocable Undertaking) not subscribed for by the Qualifying Shareholders on a fully underwritten basis, being 1,142,841,800 Offer Shares which include Offer Shares created by the aggregation of fractional entitlements which will not be provisionally allotted or issued under the Open Offer, subject to the terms and conditions of the Underwriting Agreement

No underwriting commission will be payable to the Underwriter, while the Company will reimburse the Underwriter for all out-of-pocket expenses reasonably incurred in connection with the underwriting under the Underwriting Agreement.

The Underwriting Agreement also contains customary warranties and undertakings given by the Company in favour of the Underwriter.

LETTER FROM THE BOARD

2. Conditions precedent of the Underwriting Agreement

The Underwriting Agreement is conditional upon, among other things, the following conditions precedent being fulfilled:

- i. the despatch of the Circular to all Shareholders;
- ii. the obtaining of the approval of the Independent Shareholders by way of poll at the EGM for the Open Offer (in respect of the absence of arrangements for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A of the Listing Rules) and the granting of the Whitewash Waiver;
- iii. the grant by the Executive, and not having withdrawn or revoked such grant, of the Whitewash Waiver, and the fulfilment of all conditions, if any, attached thereto;
- iv. the delivery to the Stock Exchange for authorisation, and the registration with the Registrar of Companies in Hong Kong, respectively, not later than the Prospectus Posting Date, of one copy of each of the Prospectus Documents for use by the Qualifying Shareholders to apply for the Offer Shares under their entitlements, duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached to it) and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- v. the despatch of the Prospectus Documents to the Qualifying Shareholders;
- vi. the grant or the agreement to grant (subject to allotment) by the Listing Committee of the Stock Exchange and the SGX-ST, and not having withdrawn or revoked such grant, of listing of and permission to deal in all the Offer Shares, either unconditionally or subject to such conditions as are accepted by the Company; and
- vii. the compliance with and performance of the obligations and undertakings of the Company under the Underwriting Agreement.

The Underwriter may waive condition precedent (vii) above. Save for condition precedent (vii) (which may be waived by the Underwriter), none of the other conditions precedent is waivable by the Company or the Underwriter pursuant to the terms of the Underwriting Agreement.

As at the Latest Practicable Date, save for condition precedent (i) above, none of the above conditions has been fulfilled. The Executive has granted the Whitewash Waiver, which was subject to the approval of the Independent Shareholders by way of poll at the EGM. The approval of the Independent Shareholders as contemplated under condition precedent (ii) above was obtained at the EGM on 12 October 2010.

In the event that the above conditions precedent are not fulfilled (or, where permitted, waived) on or before 30 November 2010 (or such later time and/or date as the Company and the Underwriter

LETTER FROM THE BOARD

may agree in writing), all obligations and liabilities of the parties to the Underwriting Agreement shall cease and no party to the Underwriting Agreement shall have any claim against the other, save that all fees and expenses incurred in connection with the Open Offer and the underwriting arrangement shall be borne by the Company pursuant to the Underwriting Agreement.

3. Termination of the Underwriting Agreement

If at any time at or before the Latest Time for Termination:

- i. there has developed, occurred, existed or come into effect:
 - (1) the introduction of any new law or regulation or any change in existing laws or regulations, or the judicial interpretation of such laws or regulations, or any other similar matter or event which has a material adverse effect on the business or financial condition of the Group as a whole; or
 - (2) any change in local, national or international economic, financial or political conditions or any matter or event beyond the control of the parties to the Underwriting Agreement (including acts of government, strikes, explosion, civil commotion, acts of God or accident) which is materially adverse in the context of the Open Offer or makes it inadvisable or inexpedient to proceed with the Open Offer; or
 - (3) any change in local, national or international stock market conditions (including any moratorium, suspension of or material restriction on trading in securities generally) which materially and adversely affects the Open Offer or makes it inadvisable or inexpedient to proceed with the Open Offer; or
 - (4) any change, or any development involving a prospective change, in taxation in Hong Kong, the PRC or any other jurisdiction to which any member of the Group is subject, or the implementation of any exchange control, which materially and adversely affects any member of the Group or its shareholders in their capacity as such; or
- ii. there comes to the notice of the Underwriter any matter or event showing any of the warranties given by the Company under the Underwriting Agreement to be untrue or inaccurate in a material respect which is materially adverse in the context of the Open Offer; or
- iii. the Company is in breach of any of its obligations under the Underwriting Agreement which is material in the context of the Open Offer,

then the Underwriter may, in its sole and absolute discretion, by notice in writing given to the Company at or before the Latest Time for Termination, terminate the Underwriting Agreement, and thereupon all obligations and liabilities of the Underwriter under the Underwriting Agreement shall

LETTER FROM THE BOARD

cease and no party to the Underwriting Agreement shall have any claim against any other party in respect of anything arising out of or in connection with the Underwriting Agreement, provided however that the Company shall remain liable to pay the Underwriter for the expenses accrued under the Underwriting Agreement.

The Open Offer is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement has been terminated in accordance with its terms, the Open Offer will not proceed.

E. WARNING OF THE RISK OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their independent professional advisers.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Friday, 1 October 2010 on the SGX-ST and Monday, 4 October 2010 on the Stock Exchange and that dealings in Shares are taking place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:00 p.m. on Friday, 29 October 2010), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own independent professional advisers.

F. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date and the Record Date:

- i. the Company had an issued share capital of 7,139,407,914 Shares;
- ii. there were Outstanding Options granted by the Company to subscribe for an aggregate of 57,342,000 Shares pursuant to the Share Option Scheme.

Based on the total number of Shares in issue on the Record Date, the number of Offer Shares to be issued under the Open Offer will be 2,141,822,374 Offer Shares.

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Open Offer assuming that no Outstanding Options will be exercised on or before completion of the Open Offer and no further Share will be issued or repurchased after the Latest Practicable Date.

	Shareholding as at the Latest Practicable Date		Shareholding immediately following completion of the Open Offer (assuming all Qualifying Shareholders take up their entitlements under the Open Offer)		Shareholding immediately following completion of the Open Offer (assuming no Qualifying Shareholders, other than Yue Xiu, take up their entitlements under the Open Offer)	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Underwriter, i.e., Yue Xiu (<i>Note 1, 2</i>)	3,329,935,248	46.64	4,328,915,822	46.64	5,471,757,622	58.96
Mr. Liang Ningguang (<i>Note 3</i>)	300,000	0.00	390,000	0.00	300,000	0.00
Subtotal of Yue Xiu (together with parties acting in concert with it)	3,330,235,248	46.65	4,329,305,822	46.65	5,472,057,622	58.96
Mr. Lee Ka Lun (<i>Note 4</i>)	3,500,000	0.05	4,550,000	0.05	3,500,000	0.04
Mr. Lau Hon Chuen Ambrose (<i>Note 5</i>)	2,800,000	0.04	3,640,000	0.04	2,800,000	0.03
Public shareholders	<u>3,802,872,666</u>	<u>53.26</u>	<u>4,943,734,466</u>	<u>53.26</u>	<u>3,802,872,666</u>	<u>40.97</u>
Total	<u>7,139,407,914</u>	<u>100</u>	<u>9,281,230,288</u>	<u>100</u>	<u>9,281,230,288</u>	<u>100</u>

Notes:

- (1) The entire issued share capital of the Underwriter, i.e., Yue Xiu, is owned by 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), a limited liability company incorporated in the PRC which in turn is beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC.
- (2) Shareholding in the Company is held by Yue Xiu through its various wholly-owned subsidiaries.
- (3) Mr. Liang Ningguang is a director of each of Yue Xiu and 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), who is deemed to be a party acting in concert with Yue Xiu pursuant to the Takeovers Code.
- (4) Mr. Lee Ka Lun is an independent non-executive Director.
- (5) Mr. Lau Hon Chuen Ambrose is an independent non-executive Director.
- (6) The entitlement of each Shareholder, in respect of his/its number of Shares, named in the table above is rounded down to the nearest whole number.
- (7) The Shares have been listed on the Main Board of the Stock Exchange and have a secondary listing on the SGX-ST. The shareholding structure table above covers all the issued Shares which are traded on both the Stock Exchange and the SGX-ST.

LETTER FROM THE BOARD

G. PREVIOUS EQUITY FUND RAISING EXERCISES OF THE COMPANY

The Company has not conducted any equity fund raising exercises in connection with any issue of equity securities in the past 12 months immediately preceding the date of the Announcement.

H. LISTING RULES IMPLICATIONS

The entering into the Underwriting Agreement between the Company and the Underwriter is a connected transaction under the Listing Rules. Pursuant to Rule 14A.31(3)(c) of the Listing Rules, provided that Rule 7.26A(2) of the Listing Rules has been complied with, the Underwriting Agreement is exempted from the reporting, announcement and independent shareholders approval requirements.

Pursuant to Rule 7.26A(2) of the Listing Rules, since no excess application for the Offer Shares is available, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such arrangement under the Open Offer, and Shareholders who have a material interest in the relevant resolution shall abstain from voting. As at the Latest Practicable Date, Yue Xiu was interested in and controlled or was entitled to exercise control over the voting right in respect of, directly and indirectly, an aggregate of 3,329,935,248 Shares and is the controlling Shareholder of the Company. It has abstained from voting on the resolution to approve the Open Offer (in respect of the absence of any arrangement to apply for Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A of the Listing Rules) at the EGM. Further, as at the Latest Practicable Date, Mr. Liang Ningguang, being a director of the Underwriter and 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited), was interested in a total of 300,000 Shares (representing less than 0.01% of the total issued Shares). Mr. Liang Ningguang has also abstained from voting on such resolution at the EGM. The voting on such resolution has been conducted and the resolution approved by way of poll at the EGM.

To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date, neither Yue Xiu nor Mr. Liang Ningguang had:

- i. any voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon it; or
- ii. any obligation or entitlement,

whereby it/he had or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his shareholding in the Company to a third party, either generally or on a case-by-case basis. There was no discrepancy between its/his beneficial shareholding interest (direct or indirect) in the Company and the number of Shares in respect of which it/he would control or would be entitled to exercise control over the voting right at the EGM.

LETTER FROM THE BOARD

I. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

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 GZI Real Estate Investment Trust.

For the six months ended 30 June 2010, the Group recorded revenue of approximately RMB1,037 million and profit for the period attributable to equity holders of the Company from continuing operations of approximately RMB356 million. Revenue and profit for the period attributable to equity holders of the Company from continuing operations declined by 53.1% and 33.4% respectively as compared to the same period last year.

The decline was mainly due to the fact that property delivery is scheduled to be concentrated in the second half of the year, while contracted sales volume increased substantially in the first half of the year. At the same time, the increased sales costs associated with the increased contracted sales volume were accounted for in the current period.

In the first half of 2010, the Group achieved a new record in contracted sales. Contracted sales in gross floor area reached 329,300 square metres, representing an increase of 58.9% over the same period last year and achieving 61.0% of the target of 540,000 square metres for 2010. Contracted sale value reached RMB5,395 million, representing an increase of 156.4% and achieving 68.3% of the target of RMB7,900 million. Average selling price reached RMB16,400 per square metre, representing a year-on-year increase of 61.3%. Given the encouraging performance of contracted sales, the Group will continue to strengthen the replenishment of land reserves.

Looking ahead, the Group believes market adjustment is expected to continue due to the PRC Central Government's measures to stabilize housing prices. At the same time, special construction work arrangements in Guangzhou to ensure the smooth progress of the Asian Games to be held at the end of 2010 will also have an impact on the market. However, the Group remains optimistic about the mid-to-long term prospect, mainly driven by the urbanisation and increased housing demand, of the property market in the PRC. The Group will continue to pursue its strategic and business objectives and at the same time to strengthen risk control, maintain sound cash flow, and ensure the achievement of key deliverables.

The Group will actively analyze acquisition opportunities and seek to acquire attractive land sites in Guangzhou to consolidate its leading position there. The Group will also seek to capitalize on the "Three Old" (old urban areas, old villages and old factories) redevelopment projects. Furthermore, the Group will explore opportunities in economically developed cities in the Pearl River Delta, Bohai Rim, and the central regions.

The Group's landmark project, Guangzhou International Finance Center (IFC), aims to soft open its hotel and shopping mall before the Asian Games in November 2010. At the same time, the Group will strengthen promotion of the offices at IFC to financial services companies and other world-class corporations.

LETTER FROM THE BOARD

As of 30 June 2010, the Group had investment properties of approximately 945,500 square metres, properties under development of approximately 2,710,000 square metres and undeveloped land bank with total gross floor area of approximately 4,530,000 square metres. From 30 June 2010 to the Latest Practicable Date, the Group has newly acquired land parcels with a total permissible gross floor area of approximately 0.98 million square metres with aggregate consideration of approximately RMB4.64 billion.

The Group continues to adhere to prudent financial management. By maintaining a reasonable leverage, the Group endeavors to keep a healthy financial position to strengthen replenishment of land reserves. The Open Offer, when completed, is expected to raise net proceeds of approximately HK\$3,435.83 million for the Company. This is expected to reduce the gearing of the Group and further enhance the financial capability and flexibility of the Group.

J. INFORMATION ON AND INTENTION OF YUE XIU

Yue Xiu is a limited liability company incorporated in Hong Kong. Yue Xiu is the principal investment vehicle of the Guangzhou Municipal People's Government in Hong Kong and is wholly-owned by 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 wholly-owned by the Guangzhou Municipal People's Government. As at the Latest Practicable Date, the directors of Yue Xiu included Mr. Lu Zhifeng, Mr. Zhang Zhaoxing, Mr. Liang Ningguang, Mr. Liang Yi, Mr. Wu Xinghe, Mr. Li Xinchun (independent non-executive director), Mr. He Zhifeng (independent non-executive director) and Mr. Zhou Qianding (independent non-executive director), and the directors of 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) were the same as those of Yue Xiu.

Yue Xiu has been the controlling shareholder of the Company since the Shares were listed on the Stock Exchange in 1992. The Company was informed by Yue Xiu that following the Group's disposal of its entire shareholding interest in GZI Transport Limited at the end of 2009, the corporate strategy has been that the Group would focus on real property and increase its scale of operations, and therefore, substantial capital is expected to be needed to fund the Group's future expansion. As one long-term commercial justification for the Open Offer, the Company was informed by Yue Xiu that Yue Xiu shares the same view that the Open Offer is believed to enhance the Company's flexibility in future debt leverage, while the Company is able to raise long-term funds to finance its future expansion plan, and that the Open Offer is intended to provide all existing Shareholders with an equal opportunity to participate in the anticipated expansion of the Group, as described in the section headed "REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS" in this letter from the Board. Yue Xiu intends that the Group will continue its existing business and has no intention or any plans to inject any assets into the Group or dispose of any of the Group's assets (other than non-core assets of the Group including certain non-property related business such as supermarket business). It also has no intention to introduce any major changes to the business of the Group, including any redeployment of the fixed assets of the Group. The implementation of any future injection/disposal of assets of the Group will be subject to the relevant provisions of the Listing Rules. Yue Xiu and its concert parties have no intention or any plans to make any major changes to the continued employment of the employees of the Company and of its subsidiaries.

LETTER FROM THE BOARD

K. TRADING AND SETTLEMENT ARRANGEMENT BETWEEN THE STOCK EXCHANGE AND SGX-ST

1. Transfer of Shares into CDP

Citibank N.A. Hong Kong is the CCASS participant appointed by CDP to hold the Shares in CCASS. An investor whose shares are held in Hong Kong and who wishes to trade his Shares on the SGX-ST must deposit his Shares into his securities account with CDP. If the investor is holding the Shares in scrip form, he can first deposit the scrips with Citibank N.A. Hong Kong, who will then deposit the scrips in the CCASS system in Hong Kong. Shares to be deposited with Citibank N.A. Hong Kong must have attached thereto duly executed transfer forms. Alternatively, the investor may deposit the scrips with his own CCASS participant and instruct the CCASS participant to transfer the Shares to Citibank N.A. Hong Kong for the account of CDP thereafter.

If the Shares to be transferred to CDP are already held in CCASS, the investor will only need to instruct his CCASS participant to transfer the Shares to Citibank N.A. Hong Kong for the account of CDP.

The investor has to simultaneously submit the duly completed CDP Form 29A to CDP, together with a fee prescribed in CDP Form 29A. In the event that the investor maintains a sub-account with a depository agent, the CDP Form 29A will be completed by the depository agent on his behalf.

Having verified that the CDP Form 29A has been correctly completed, CDP will instruct Citibank N.A. Hong Kong to acknowledge receipt of the Shares in CCASS. Upon notification by Citibank N.A. Hong Kong of receipt of the Shares, CDP will accordingly credit to the investor's securities account with the relevant number of Shares and notify the investor accordingly.

2. Transfer of Shares out of CDP

An investor may transfer his Shares out of CDP to Hong Kong if he wishes to trade his Shares on the Stock Exchange. To effect the transfer, the investor (or his depository agent) has to submit the duly completed CDP Form 29B to CDP together with a fee prescribed in CDP Form 29B. Having verified that the CDP Form 29B has been correctly completed, CDP will instruct to transfer the Shares to the CCASS participant. Upon receipt of confirmation that the transfer has been effected, CDP will then debit the investor's securities account for the relevant number of Shares to be transferred out and notify the investor accordingly.

The investor has to simultaneously instruct his CCASS participant to expect receipt of the number of Shares specified by Citibank N.A. Hong Kong via CCASS.

3. Time needed for Share transfers

Barring unforeseen circumstances, the transfer of Shares into and out of CDP will take two business days to complete, after the duly completed documentation is submitted to CDP for processing and proper instructions are given by the investor to his CCASS participant in Hong Kong. It must be noted that instructions received by CDP after 10:00 a.m. on a given business day will be considered as the next business day's request and will be processed on the next business day.

LETTER FROM THE BOARD

L. OTHER INFORMATION IN RELATION TO EXCLUDED SHAREHOLDERS

The information in this prospectus has been prepared on the basis that the Open Offer will be made pursuant to an exemption under the Directive 2003/71/EC (“**Prospectus Directive**”), as implemented in Member States of the European Economic Area (“**EEA**”), from the requirement to produce a prospectus for offers of securities. Accordingly any person making or intending to make any offer or distribution within the EEA of Shares should only do so in circumstances in which no obligation arises for the Company to produce a prospectus for such offer or distribution. The Company has not authorised, nor does it authorise the making of any offer or distribution of Shares through any financial intermediary, other than offers and distributions made by the Company which constitute the final placement of Shares contemplated in the information in this prospectus. Accordingly, the Shares may not be, and will not be, offered or sold in the EEA by means of this prospectus, any accompanying letter or any other document, except to persons which are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive, including (a) legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or otherwise; (c) to fewer than 100 natural or legal persons per EEA State (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive); or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer or distribution of Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive. In addition, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”) of the United Kingdom) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company. This prospectus is being distributed only to, and is directed at: (a) persons to whom Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 applies or (b) persons to whom it may be lawfully communicated (together “**relevant persons**”). Any investment to which this prospectus relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

M. PROCEDURE FOR APPLICATION

1. For Qualifying Shareholders other than those with Shares standing to the credit of their securities accounts held with CDP

The Application Form is enclosed with this prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form. If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed

LETTER FROM THE BOARD

thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for with Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by **4:00 p.m. on Thursday, 28 October 2010**. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Yuexiu Property Company Limited — Open Offer Account**" and crossed "**Account Payee Only**". It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with Tricor Abacus Limited by not later than **4:00 p.m. on Thursday, 28 October 2010**, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

2. For Qualifying Shareholders with Shares standing to the credit of their securities accounts held with CDP

If such Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the application form for Offer Shares ("**ARE**") or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the ARE in accordance with the instructions printed thereon, together with a single remittance in payment for the relevant number of Offer Shares accepted at the Subscription Price, by hand to YUEXIU PROPERTY COMPANY LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807, or by post, at your own risk, in the enclosed self-addressed envelope provided to YUEXIU PROPERTY COMPANY LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, Robinson Road Post Office, P.O. BOX 1597, Singapore 903147, so as to arrive not later than **5.00 pm on Thursday, 21 October 2010**.

LETTER FROM THE BOARD

For Qualifying Shareholders accepting the Offer Shares through CDP, the duly completed ARE must be accompanied by a single remittance for the full amount payable for the relevant number of Offer shares accepted at the Subscription Price, made in HK\$ in the form of a Banker's Draft drawn on a bank in Hong Kong and made payable to "CDP — YUEXIU OPEN OFFER ACCOUNT" and crossed "NOT NEGOTIABLE, A/C PAYEE ONLY". No combined banker's draft for different securities accounts or other form of remittance (including the use of postal order or money order issued by a post office in Singapore) will be accepted.

Dealings in the Offer Shares on the SGX-ST are expected to commence on Monday, 8 November 2010. Refund cheques in respect of invalid applications for the Offer Shares by Qualifying Shareholders accepting the Offer Shares through CDP are expected to be despatched on or before Monday, 8 November 2010.

Qualifying Shareholders accepting the Offer Shares through CDP are recommended to read the application procedures and terms and conditions of the Open Offer set out in the ARE carefully.

3. Taxation

All Qualifying Shareholders are recommended to consult their independent professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

N. ARRANGEMENT FOR ODD LOT TRADING

In order to alleviate the difficulties arising from the trading of odd lots, the Company has appointed First Shanghai Securities Limited ("**First Shanghai**") to stand in the market in Hong Kong to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Tuesday, 2 November 2010 to Friday, 3 December 2010 (both days inclusive) at no extra costs to the Shareholders for the matching facility. Holders of odd lots of Shares who wish to take advantage of this facility either to dispose of or top-up their odd lots to a board lot of 2,000 Shares should directly, or through their brokers, contact First Shanghai of 19th Floor, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong, at its hotline (+852) 2532 1928 or at its fax number (+852) 2537 0568 during the aforementioned period. Shareholders should note that the matching service will be on a "best effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on, among other things, there being adequate amounts of odd lots of Shares available for such matching. Shareholders may also make their own arrangements to top-up or sell their holdings of odd lots of Shares (if any) at their own expense. For the avoidance of doubt, Shareholders shall pay the relevant purchase price and normal transaction costs for which they are otherwise responsible.

Shareholders are recommended to consult their stockbrokers, other registered dealers in securities, bank managers, solicitors, professional accountants or other independent professional advisers if they are in any doubt about the matching facility described above.

LETTER FROM THE BOARD

O. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this prospectus.

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

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2007, 2008 and 2009 are disclosed in the annual reports of the Company for the years ended 31 December 2007 (pages 58 to 137), 2008 (pages 55 to 142) and 2009 (pages 55 to 150) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.yuexiuproperty.com>).

2. INDEBTEDNESS STATEMENT

At the close of business on 31 August 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had outstanding borrowings of approximately RMB 15,463 million, which consists of (1) secured bank borrowings of approximately RMB 10,253 million, (2) unsecured bank borrowings of approximately RMB 5,160 million, and (3) unsecured loan from a related party of approximately RMB 50 million.

The secured bank borrowings of the Group are secured by (1) certain of the Group's properties under development, investment properties, property, plant and equipment, and leasehold land and land use rights, and (2) assignment of shareholder's loan between certain companies in the consolidated Group.

Contingent Liabilities

As at 31 August 2010, the Group had the following material contingent liabilities:

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties, who are not related to the Group, amounting to approximately RMB 1,829 million, in aggregate. Pursuant to the terms of the guarantees, in the event that those purchasers default on the mortgage payments, the Group will be responsible for repaying to the banks the outstanding principal of the mortgages together with accrued interests and penalty owed by the defaulting purchasers and the Group will be entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.
- (2) In connection with the disposal of a subsidiary to GZI Real Estate Investment Trust ("GZI REIT"), an associated entity of the Group, the Group entered into a deed of indemnity in 2008 for the purpose of indemnifying GZI REIT against certain liabilities for land premium, mortgage guarantees and deferred taxation with an estimated total amount of approximately RMB65 million. The deed of indemnity will expire on 30 May 2014.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 31 August 2010, the Group did not have any other debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 August 2010 and up to the Latest Practicable Date.

3. WORKING CAPITAL

After taking into account the expected completion of the Open Offer and the financial resources available to the Group (including internally generated funds and the present available banking facilities relevant to the assessment of the sufficiency of working capital of the Group), the Directors are of the opinion that the Group has sufficient working capital for its present requirements (that is for at least the next 12 months from the date of this prospectus).

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 June 2010.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 30 June 2010 or at any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2010 and adjusted to reflect the effect of the Open Offer:

	Unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2010 <i>RMB'000</i> <i>Note 1</i>	Estimated net proceeds from Open Offer <i>RMB'000</i> <i>Note 2</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>RMB</i> <i>Note 3</i>
Based on 2,141,822,374 Offer Shares at Subscription Price of HK\$1.61 per Offer Share	<u>12,430,562</u>	<u>2,997,422</u>	<u>15,427,984</u>	<u>1.663</u>

Notes:

1. The consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2010 is extracted from the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2010, which is based on the unaudited consolidated net assets of the Group attributable to the Shareholders as at 30 June 2010 of approximately RMB12,431 million. The consolidated net tangible assets per Share as at 30 June 2010 was RMB1.74.

2. The estimated net proceeds of approximately RMB2,997 million (equivalent to approximately HK\$3,436 million) from the Open Offer are based on 2,141,822,374 Offer Shares to be issued at the Subscription Price of HK\$1.61 per Offer Share (on the basis of 7,139,407,914 Shares in issue as at the Record Date), after deduction of the related expenses of approximately RMB11 million (equivalent to approximately HK\$12.5 million).

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

3. The unaudited pro forma consolidated net tangible assets per Share is calculated based on the unaudited pro forma consolidated net tangible assets attributable to the Shareholders of approximately RMB15,428 million and 9,279,498,288 Shares in issue (on the basis that there were 7,137,675,914 Shares in issue as at 30 June 2010 and 2,141,822,374 Offer Shares were issued under the Open Offer) as if the Open Offer has been completed on 30 June 2010.

4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2010 including the net proceeds from the exercise of share options of the Company outstanding as at 30 June 2010.

5. HK\$ has been translated into RMB at an exchange rate of HK\$1 = RMB0.8724 for illustrative purpose.

**2. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF YUEXIU PROPERTY COMPANY LIMITED**

We report on the unaudited pro forma financial information set out on pages II-1 to II-2 under the heading of “Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group” (the “Unaudited Pro Forma Financial Information”) in Appendix II of the prospectus dated 14 October 2010 (the “Prospectus”) of Yuexiu Property Company Limited (the “Company”), in connection with the proposed open offer (the “Transaction”) by the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited consolidated net assets of the Group attributable to the Company’s equity holders as at 30 June 2010 as set out in the “Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group” section of this Prospectus with the unaudited condensed consolidated balance sheet of the Group as at 30 June 2010 as set out in the Company’s condensed consolidated interim financial information for the six months ended 30 June 2010 included in the interim report of the Company for the six months ended 30 June 2010, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the adjusted net tangible assets of the Group as at 30 June 2010 or any future date.

Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 October 2010

A. RESPONSIBILITY STATEMENTS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

B. CORPORATE INFORMATION

Registered office	26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong
Company secretary	Mr. Yu Tat Fung, a solicitor of the High Court of Hong Kong
Authorised representatives	Mr. Tang Shouchun 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong Mr. Yu Tat Fung 25th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22nd Floor, Prince's Building, Central, Hong Kong
Share registrar of the Company	Tricor Abacus Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Share transfer agent in Singapore	Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623
Principal bankers	Bank of China (Hong Kong) Limited 52nd Floor, Bank of China Tower, 1 Garden Road, Hong Kong The Bank of East Asia Limited 10 Des Voeux Road Central, Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central, Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong Wing Lung Bank Limited 45 Des Voeux Road Central, Hong Kong
Qualified accountant	Miss Lam Sing Wah

Underwriter	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司) 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong
Hong Kong legal advisers to the Company	Baker & McKenzie 23rd Floor, One Pacific Place, 88 Queensway, Hong Kong

C. SHARE CAPITAL

1. Share capital

As at Latest Practicable Date:

Authorised capital: HK\$

<u>10,000,000,000</u> Shares	<u>1,000,000,000.00</u>
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Issued and fully paid or credited as fully paid:

<u>7,139,407,914</u> Shares in issue as at the Latest Practicable Date	<u>713,940,791.40</u>
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Upon completion of the Open Offer and the increase in authorised share capital becoming effective:

Authorised capital: HK\$

<u>20,000,000,000</u> Shares	<u>2,000,000,000.00</u>
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Issued (and paid up) and to be issued:

7,139,407,914 Shares in issue as at the Latest Practicable Date	713,940,791.40
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<u>2,141,822,374</u> Number of Offer Shares to be issued	<u>214,182,237.40</u>
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<u>9,281,230,288</u> Shares	<u>928,123,028.80</u>
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Except for a total of 2,826,000 Shares issued pursuant to the exercise of options granted under the Share Option Scheme, since 31 December 2009, the date to which the latest audited consolidated accounts of the Company were made up, and up to the Latest Practicable Date, there had not been any new issue of Shares.

The aggregate nominal value of the Offer Shares is HK\$214,182,237.40.

2. Share options

As at the Latest Practicable Date, there were Outstanding Options attaching subscription rights to subscribe for an aggregate of 57,342,000 Shares granted under the Share Option Scheme at exercise prices ranging from HK\$0.41 to HK\$0.846.

Number of Outstanding Options	Exercise price per Share (HK\$)	Date of grant	Exercisable period	
			From	To
10,870,000	0.41	2 May 2003	2 May 2003	1 May 2013
1,840,000	0.814	27 October 2003	27 October 2003	26 October 2013
9,182,000	0.846	23 December 2003	23 December 2003	22 December 2013
35,450,000	0.63	23 June 2004	23 June 2004	22 June 2014

Upon the Open Offer becoming unconditional, the exercise prices and/or number of the Share to be allotted and issued pursuant to the exercise of the Outstanding Options may be subject to adjustments. Further announcement will be made in this regard.

Save as disclosed above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. Other

All the Shares in issue and the Offer Shares to be issued will (when allotted and fully paid) rank pari passu in all respects with each other including as regards to dividends, voting rights and return of capital. The Shares in issue are listed on the Stock Exchange and the SGX-ST. Other than the Stock Exchange and the SGX-ST, there is no any other stock exchange on which any part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought.

There is no arrangement that any securities acquired in pursuance of the Open Offer will be transferred, charged, or pledged to any other persons.

D. DISCLOSURE OF INTERESTS

(1) Directors and chief executive

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive had, or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they have taken or deemed

to have under such provisions of the SFO); or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

a. *Long positions in Shares:*

Name of Director	Capacity in Holding Interest	Beneficial interest in Shares	Approximate % of interest
Mr. Lee Ka Lun	Beneficial owner	3,500,000	0.05
Mr. Lau Hon Chuen Ambrose	Beneficial owner	2,800,000	0.04

b. *Long positions in the underlying Shares of equity derivatives of the Company:*

Name of Director	Date of grant	Exercise price per Share HK\$	Number of share options outstanding
Mr. Tang Shouchun	23 June 2004 (<i>Note 1</i>)	0.630	1,560,000
Mr. Liang Youpan	2 May 2003 (<i>Note 2</i>)	0.410	2,000,000
	23 June 2004 (<i>Note 1</i>)	0.630	8,350,000

Notes:

- The share options are exercisable from 23 June 2004 to 22 June 2014, of which a maximum of up to (i) 30%; and (ii) 60% (inclusive of any options exercised under (i)) are exercisable during the period (a) up to the first anniversary; and (b) up to the second anniversary of the date of grant, respectively.
- The share options are exercisable from 2 May 2003 to 1 May 2013, of which a maximum of up to (i) 30%; and (ii) 60% (inclusive of any options exercised under (i)) are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the date of grant, respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

(2) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive, the following persons (not being a Director or a chief executive of the Company) had an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity	Long position in Shares	Approximate % of interest
廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interests of controlled corporations	5,488,960,222 (Note 2)	76.88 (Note 3)

Notes:

- 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) is deemed under the SFO to be interested in 5,488,960,222 Shares as a result of its indirect holding of such Shares through its wholly-owned subsidiaries, details of which are as follows:

Name	Long position in Shares
Yue Xiu	5,488,960,222 (i)
Superb Master Ltd (“Superb”)	1,160,044,400(ii)
Excellence Enterprises Co., Ltd. (“Excellence”)	4,323,213,675(iii)
Bosworth International Limited (“Bosworth”)	3,160,100,867(iii)
Sun Peak Enterprises Ltd. (“Sun Peak”)	735,387,900(iii)
Novena Pacific Limited (“Novena”)	735,387,900(iii)
Shine Wah Worldwide Limited (“Shine Wah”)	205,463,700(iii)
Morrison Pacific Limited (“Morrison”)	205,463,700(iii)
Perfect Goal Development Co., Ltd. (“Perfect Goal”)	176,458,100(iii)
Greenwood Pacific Limited (“Greenwood”)	176,458,100(iii)
Seaport Development Limited (“Seaport”)	45,803,108(iii)
Goldstock International Limited (“Goldstock”)	45,803,108(iii)
Yue Xiu Finance Company Limited	5,702,147(iii)

- This includes the deemed interest in up to 2,159,024,974 Offer Shares, being the aggregate of 1,160,044,400 Offer Shares (which number of Offer Shares had been determined as at the date of the Announcement on the assumption that all the then outstanding options would have been exercised on or before the Record Date) underwritten by Yue Xiu pursuant to the Underwriting Agreement and 998,980,574 Offer Shares which Yue Xiu has irrevocably undertaken to take up, or to procure subscribers to take up, pursuant to the Irrevocable Undertaking.
- Superb is a wholly-owned subsidiary of Yue Xiu and is the entity to be nominated by Yue Xiu to take up the Offer Shares underwritten by Yue Xiu pursuant to the Underwriting Agreement.

- (iii) This includes Offer Shares to be taken up pursuant to the Irrevocable Undertaking.
 - (iv) Bosworth was interested in 3,160,100,867 Shares, and it was wholly-owned by Excellence which was, in turn, wholly-owned by Yue Xiu.
 - (v) Novena was interested in 735,387,900 Shares, and it was wholly-owned by Sun Peak which was, in turn, wholly-owned by Excellence.
 - (vi) Morrison was interested in 205,463,700 Shares, and it was wholly-owned by Shine Wah which was, in turn, wholly-owned by Excellence.
 - (vii) Greenwood was interested in 176,458,100 Shares, and it was wholly-owned by Perfect Goal which was, in turn, wholly-owned by Excellence.
 - (viii) Goldstock was interested in 45,803,108 Shares, and it was wholly-owned by Seaport which was, in turn, wholly-owned by Excellence.
2. This includes the deemed interest in up to 2,159,024,974 Offer Shares, being the aggregate of 1,160,044,400 Offer Shares (which number of Offer Shares had been determined as at the date of the Announcement on the assumption that all the then outstanding options would have been exercised on or before the Record Date) underwritten by the Underwriter pursuant to the Underwriting Agreement and 998,980,574 Offer Share which the Underwriter has irrevocably undertaken to take up, or to procure subscribers to take up, pursuant to the Irrevocable Undertaking.
 3. This percentage interest is calculated on the basis of total issued shares of the Company as at the Latest Practicable Date, being 7,139,407,914 Shares.
 4. The information disclosed above is based on the information available on the website of the Stock Exchange.

Mr. Lu Zhifeng, Mr. Zhang Zhaoxing and Mr. Liang Yi are also directors of Yue Xiu while Mr. Tang Shouchun and Mr. Liang Youpan are deputy general managers of Yue Xiu. Mr. Lam Yau Fung Curt is also the group financial controller of Yue Xiu.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares and underlying Shares to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

E. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, no Director or his/her respective associates had any interest in businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

F. OTHER INTERESTS

As at the Latest Practicable Date:

- i. none of the Directors was given any benefit as compensation for loss of office or otherwise in connection with the Open Offer;
- ii. none of the Directors or the chief executive of the Company had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up; and
- iii. none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

G. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company, or any member of the Group, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

H. EXPERT

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this prospectus:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, PricewaterhouseCoopers had no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up.

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and all references to its name in the form and context in which they are included.

The report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group from PricewaterhouseCoopers is given as of the date of this prospectus for incorporation herein.

I. NO MATERIAL CHANGES

Save for all the matters and information as disclosed under the section headed “BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS” in the letter from the Board of this prospectus, which information has been extracted from the Company’s 2010 interim report and the Company’s announcements dated 31 August 2010, 10 September 2010 and 16 September 2010, as at the Latest Practicable Date, there was no material change in the financial or trading position or outlook of the Group since 31 December 2009, the date to which the latest published consolidated audited accounts of the Group were made up.

J. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Group and no litigation or arbitration or claims which would materially and adversely affect the operations of the Group was known to the Directors to be pending or threatened by or against any member of the Group.

K. MATERIAL CONTRACTS

The following contracts, not being entered into in the ordinary course of business, were entered into by members of the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date and are, or may be, material:

- i. the Underwriting Agreement;
- ii. the agreement dated 3 November 2008 entered into between the Company and Yue Xiu in relation to the transfer and assignment by the Company to Yue Xiu of all of the Company’s rights, title, interests and benefit of and in (a) the entire issued share capital of Goldkemp Investment Limited and (b) the shareholder loans owed by Goldkemp Investment Limited to the Company and its subsidiaries in exchange for the transfer by Yue Xiu to the Company of Yue Xiu’s entire rights, title, interests and benefit of and in the shares of Techcon Investment Limited and the payment of HK\$250 million by Yue Xiu; and
- iii. an underwriting agreement dated 20 October 2009 entered into between the Company and Yue Xiu in relation to the proposed sale by the Company of the shares of GZI Transport Limited (“GZT”) then held by the Company by way of an offer for sale of all such GZT shares to the qualifying shareholders of the Company for an offer price of HK\$3.00 per GZT share, pursuant to which Yue Xiu underwrote all GZT shares which were not taken up by the qualifying shareholders of the Company.

L. MISCELLANEOUS

- i. The company secretary of the Company is Mr. Yu Tat Fung, who is a solicitor of the High Court of Hong Kong. The qualified accountant of the Company is Miss Lam Sing Wah, who is a fellow member of The Association of Chartered Certified Accountant.

- ii. The share registrar of the Company is Tricor Abacus Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong. The share transfer agent of the Company in Singapore is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623.
- iii. The English text of this prospectus shall prevail over the Chinese text in the case of any inconsistency.

M. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours at the registered office of the Company at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong on any Business Day from the date of this prospectus up to and including 28 October 2010:

- i. the memorandum and articles of association of the Company;
- ii. the annual reports of the Group for the two years ended 31 December 2009;
- iii. the interim report of the Group for the six months ended 30 June 2010;
- iv. this prospectus;
- v. the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- vi. each contract set out in the paragraph headed "Material Contracts" in this Appendix; and
- vii. the letter of consent referred to under the paragraph headed "Expert" in this Appendix.

N. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert" in this appendix, has been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies Ordinance.

O. PARTICULARS OF DIRECTORS

(1) Executive Directors

Mr Lu Zhifeng of 28th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong, aged 57, was appointed executive Director and Chairman of the Company in 2008. He is also the Chairman of Yue Xiu, the controlling shareholder of the Company. Mr Lu holds a Master of Business Administration degree and the qualification of senior economist in China. He has accumulated nearly forty years of experience in production operation, capital and corporate management. Before taking

up his post of Chairman of the Company, Mr Lu was the managing director of Guangzhou Automobile Industry Group Co., Ltd., vice chairman of Guangzhou Automobile Group Co., Ltd., chairman of Guangzhou Honda Automobile Co., Ltd., and vice chairman and executive director of Denway Motors Limited (Stock Code: 203), a company listed on the Stock Exchange. Before that, he had been general manager of Guangzhou Yangcheng Automobile Group Co. and vice chairman and managing director of Guangzhou Yangcheng Automobile Co., Ltd.

Mr Zhang Zhaoxing of 28th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong, aged 47, was appointed executive Director, a Vice Chairman and General Manager of the Company in 2008. He is a vice chairman and general manager of Yue Xiu and the Chairman of GZT, a company listed on the Stock Exchange (Stock Code: 1052). Mr Zhang holds an Executive Master of Business Administration degree awarded by Huazhong University of Science and Technology, and possesses the qualification of senior accountant in China. He has extensive experience in the financial management, industrial operation, capital operation and corporate culture development of large enterprises. Before taking up his post of Vice Chairman and General Manager of the Company, Mr Zhang was the director and general manager of Guangzhou Radio Group Co., Ltd., chairman and general manager of Haihua Electronics Enterprise (China) Corporation, chairman of Guangzhou Guangdian Real Estate Development Co., Ltd. and a director of GRG Banking Equipment Co., Ltd., a company listed on The Shenzhen Stock Exchange (Stock Code: 002152).

Mr Liang Yi of 28th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong, aged 58, was appointed executive Director in 2003. He is also a Vice Chairman of the Company and a director of Yue Xiu. Mr Liang graduated from the Chinese People's Liberation Army Engineering Soldier's University majoring in public administration. Prior to joining Yue Xiu in June 2001, he assumed leading roles in Guangzhou Chemical Industry Bureau and organizations under the party Committee of Guangzhou Municipal People's Government. Mr Liang had made outstanding contribution in establishing the administrative supervisory system of Guangzhou. He has over 20 years of experience in public administration.

Mr Tang Shouchun of 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong, aged 47, was appointed executive Director in 2006. Mr Tang graduated from Nanjing Agricultural University and is a senior accountant, senior economist and registered asset appraiser in China, and has a Doctor degree in Agricultural Economics and Management. Prior to joining Yue Xiu in 2002, he taught at Southwestern University of Finance and Economics in Chengdu and was a vice professor of South China Normal University in Guangzhou. He had been a director and chief accountant of Guangzhou City Construction & Development Group Co. Ltd., responsible for overseeing financial accounting, financial management and capital operation of the company. He also participated in the planning and operation management of various large real estate projects. Mr Tang is currently a deputy general manager of Yue Xiu, and is responsible for overseeing the Group's financial and treasury affairs. He has extensive experience in the financial management and capital operation of large enterprises.

Mr Liang Youpan of 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong, aged 54, was appointed executive Director on 1 January 2010. He is also a deputy general manager of the Company and Yue Xiu. Prior to joining Yue Xiu in 1998, Mr Liang was the Workshop director of Guangzhou Wen Chong Shipyard Company Limited, which is a subsidiary of China State

Shipbuilding Company. Between 1991 and 1998, Mr Liang was a unit head in the administrative supervisory division of the Guangzhou Municipal People's Government. Mr Liang has a wide range of experience in PRC corporate governance practices, particularly in the area of internal controls. Mr Liang graduated in 1986 from Guangzhou Economics Management Cadre's Institute in China with a diploma in corporate governance. Mr Liang is a non-executive director of GZI REIT Asset Management Limited, a company licensed by The Securities and Futures Commission to conduct the regulated activity of asset management and the manager of GZI Real Estate Investment Trust, a collective investment scheme listed on the Stock Exchange (Stock Code: 405).

Mr Lam Yau Fung Curt of 25th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong, aged 41, was appointed executive Director on 1 January 2010. He is also the Group financial controller of Yue Xiu. Mr Lam was previously Head of Corporate Finance and Business Development at GOME Electrical Appliances Holding Limited (Stock Code: 493), one of the China's largest electronics retailers, which is listed on the Stock Exchange. Prior to joining GOME, he spent more than 10 years working in investment banking and capital markets at Schrodgers Asia, ABN AMRO Rothschild, and Deutsche Bank. Mr Lam has extensive experience in financial management, investment and transaction analysis, capital markets, and corporate finance. He is a Chartered Financial Analyst (CFA) and holds a MBA from Rice University in the US.

(2) Independent non-executive Directors

Mr Yu Lup Fat Joseph of 5th Floor, Block 48, Baquio Villa, 555 Victoria Road, Pokfulam, Hong Kong, aged 62, has been an independent non-executive Director since 1992. Mr Yu holds a master's degree in applied finance from Macquarie University in Australia and a diploma of management studies from the University of Hong Kong. Mr Yu has over 40 years of experience in investment, banking and finance and is a senior advisor of Access Capital Limited.

Mr Lee Ka Lun of 19C, Block 1, Illumination Terrace, 5-7 Tai Hang Road, Hong Kong, aged 56, has been an independent non-executive Director since 2000. He is an accountant by profession. Mr Lee is a Fellow of the Association of Chartered Certified Accountants in UK and has over 20 years of experience in banking and auditing. He is an independent non-executive director of Denway Motors Limited (Stock Code: 203), Chow Sang Sang Holdings International Limited (Stock Code: 116) and REXLot Holdings Limited (Stock Code: 555). The shares of the companies mentioned above are listed on the Stock Exchange.

Mr Lau Hon Chuen, GBS, JP, alias Ambrose Lau of 2nd Floor, The Chinese General Chamber of Commerce Building, 24-25 Connaught Road Central, Hong Kong, aged 63, has been an independent non-executive Director since 2004. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr Lau is the Senior Partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr Lau is currently an independent non-executive director of Frashion Properties (China) Limited (Stock Code: 817), Glorious Sun Enterprises Limited (Stock Code: 393), GZT, Qin Jia Yuan Media Services Company Limited (Stock Code: 2366), The Hong Kong Parkview Group Limited (Stock Code: 207), Wing Hang Bank Limited (Stock Code: 302) and Brightoil Petroleum (Holdings) Limited (Stock Code: 933). The shares of the companies mentioned above are

listed on the Stock Exchange. He is also a Director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment And Finance Limited, Wydoff Limited and Wytex Limited. Mr Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).