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(Incorporated in Hong Kong with limited liability)
(Stock Code: 00123)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE
PROPOSED ACQUISITION OF 50% EQUITY INTEREST IN
ZHOSHAN XIN DE BUSINESS DEVELOPMENT CO., LTD***

The Company announces that on 23 October 2016, the Seller, the Purchaser, the Target Company and the Project Company entered into the Equity Transfer Agreement pursuant to which, among other things, the Seller agreed to sell, and the Purchaser agreed to purchase, the Target Interest, for a consideration of RMB1,733,080,050.

The main objective of the Transaction is for the Purchaser and the Seller to jointly develop the Project. The Project to be constructed on the Undeveloped Land Parcel will be a mixed-use complex with a total permitted gross floor area of 693,055 sq.m, of which 605,869 sq.m will comprise residential properties, and 87,186 sq.m will comprise commercial properties.

As one of the applicable percentage ratios exceeds 5% but is lower than 25%, the acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Company announces that on 23 October 2016, the Seller, the Purchaser, the Target Company and the Project Company entered into the Equity Transfer Agreement pursuant to which, among other things, the Seller agreed to sell, and the Purchaser agreed to purchase, the Target Interest, for a consideration of RMB1,733,080,050.

EQUITY TRANSFER AGREEMENT

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

Date

23 October 2016

Parties

The Seller (as seller), the Purchaser (as purchaser), the Target Company and the Project Company (each a “**Party**”, collectively, “**Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Seller, the Target Company and the Project Company, and their respective ultimate beneficial owners are Independent Third Parties.

Asset to be acquired

Pursuant to the Equity Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 50% of the equity interest in the Target Company, which corresponds to 50% interest in the Undeveloped Land Parcel only (the “**Target Interest**”), and specifically excludes the Developed Land Parcel and all interests, benefits and liabilities derived therefrom, which does not form part of the Transaction.

Consideration and payment terms

The Consideration of RMB1,733,080,050 shall be paid by the Purchaser to the Seller in the following manner:

- (i) the Initial Purchase Price shall be paid within five Business Days after (a) the effective date of the Equity Transfer Agreement and (b) the Purchaser having completed the withholding and payment of the enterprise income tax arising from this Transaction. Prior to the date of the Equity Transfer Agreement, the earnest money in the amount of RMB100,000,000 (the “**Earnest Money**”) has been paid to a bank account jointly controlled by Hangzhou Yan Sheng and the Seller. Such Earnest Money shall be applied to settle part of the Initial Purchase Price; and
- (ii) the Balance shall be paid within 10 Business Days after the Conditions Precedent have been fulfilled and/or waived.

In addition, within five Business Days after the SAIC Registration Date, the Purchaser shall provide financing to Taicang He Rong in the amount of RMB691,919,950, which will be used to repay 50% of the RMB950,010,100 debt owed by Taicang He Rong (the “**Taicang He Rong Debt**”), and 50% of the Specified Debts. Within 15 Business Days after Taicang He Rong receives such financing from the Purchaser, the Seller or its affiliate shall: (i) settle all loans secured by the State-owned Land Use Rights Certificates in relation to the Land Parcel and all loans which are not owed by the Project Company but for which the Project Company has provided guarantee; and (ii) complete the release of such security/guarantee.

After the SAIC Registration Date, the Purchaser may perform audit on the financial information of the Target Group Companies as at the SAIC Registration Date. In the event that there are any shortfall between the financial conditions of the Target Group Companies according to such audit and those as shown on the financial statements of the Target Group Companies provided by the Seller, the Purchaser may deduct the amount of such shortfall from the unpaid part of the Consideration.

Basis of determination of Consideration

The Consideration was determined after arm’s length negotiations among the Parties with reference to the fair value of the Target Interest as at 30 September 2016 as valued by the Independent Valuer.

According to the valuation by the Independent Valuer, the fair value of the Target Interest as at 30 September 2016 after taking into account the appraised value of the Undeveloped Land Parcel as at 30 September 2016 was approximately RMB1,772,000,000.

The Consideration represents a discount of approximately 2.2% over the fair value of the Target Interest as at 30 September 2016 as valued by the Independent Valuer.

Conditions precedent

Completion of the Transaction is conditional upon the satisfaction or waiver of the following Conditions Precedent:

- (i) the representations and warranties made by the Seller in the Transaction Documents remaining true, accurate, complete and not misleading from the date of the Equity Transfer Agreement up to and including the date of Completion;
- (ii) the Transaction Documents having been signed, and any subsequent amendments thereto (if any) requested by the Ministry of Commerce of the PRC and/or SAIC having been approved by the Parties;

- (iii) the Transaction having been approved (if required) by or recorded with the relevant business administration authorities having jurisdiction;
- (iv) the Purchaser having been registered and shown in the relevant PRC authority as the registered holder of 50% of the equity interest in the Target Company, and the Target Company having completed the foreign exchange registration procedures in relation to the Transaction;
- (v) settle all loans secured by the State-owned Land Use Rights Certificates in relation to the Land Parcel and all loans which are not owed by the Project Company but in respect of which the Project Company has provided guarantee, and complete the release of all such security/guarantee;
- (vi) the appointment of directors and other personnel of each of the Target Group Companies nominated by the Purchaser having become effective;
- (vii) the respective new articles of association of the Target Company Subsidiaries having become effective and the registration of such articles of associations with the relevant PRC authorities having been completed;
- (viii) there being no material adverse change in respect of the Target Group Companies;
- (ix) all pre-Completion covenants having been fulfilled or not having been breached;
- (x) the Project Company having entered into a termination or supplemental agreement with Hangzhou Chang Chun to the effect that the Project Company may early terminate the Seedlings Cultivation Land Lease without any liabilities;
- (xi) Taicang He Rong having received written confirmation from Zhejiang He Rong confirming that 50% of the Taicang He Rong Debt have been settled, that there is no outstanding debt between Taicang He Rong and Zhejiang He Rong other than the remaining 50% of the Taicang He Rong Debt, and that there is no other outstanding matter between Taicang He Rong and Zhejiang He Rong; and
- (xii) Taicang He Rong having received written confirmations from the respective creditors of the Specified Debts confirming that 50% of the Specified Debts have been settled, that there is no outstanding debt between Taicang He Rong and such creditors other than the remaining 50% of the Specified Debts, and that there is no other outstanding matter between Taicang He Rong and such creditors.

The Seller shall use its reasonable endeavours to: (a) fulfil the Conditions Precedent listed at (ii), (iii), (iv), (vi), and (vii) above within 15 Business Days after the Initial

Purchase Price have been paid; and (b) fulfil the remaining Conditions Precedent as soon as possible and in any event within three months after the date of the Equity Transfer Agreement. The Purchaser may waive all or some of the Conditions Precedent by notice to the Seller and the Target Company in writing.

In the event that any of the Conditions Precedent is not fulfilled or waived (as the case may be) within three months after the date of the Equity Transfer Agreement (or such other date as agreed by the Parties in writing), the Parties shall engage in friendly consultation. If the Parties fail to reach a consensus within 15 days thereafter, the Purchaser will be under no further obligation to perform the Equity Transfer Agreement, and may, at its absolute discretion by written notice to the Seller and the Target Company:

- terminate the Equity Transfer Agreement without any liability, in which case the Seller shall refund to the Purchaser any part of the Consideration already paid (including Earnest Money) with interest;
- postpone to a later date by which the Conditions Precedent must be fulfilled and/or waive some or all of the Conditions Precedent; or
- postpone the date of Completion.

Completion

Completion shall take place within 10 Business Days after the Conditions Precedent have been fulfilled and/or waived, or such other date as may be agreed by the Parties in writing.

Following Completion, the Target Company will become a joint venture owned as to 50% and 50% by the Seller and the Purchaser respectively. The accounts of the Target Group Companies will be consolidated into the Company and each of the Target Group Companies will become an indirect non wholly-owned subsidiary of the Company after Completion.

Management of the Target Company and Project Company

Segregated accounts

Within a reasonable time after Completion, the Seller shall cooperate with the Project Company and the Purchaser to open segregated accounts for the Undeveloped Land Parcel and the Developed Land Parcel respectively.

Option to acquire or change property management company

Following Completion, the Purchaser shall have the option to: (a) acquire 100% of the equity interest in the existing property management company of the Project Company; or (b) replace such property management company. The Seller shall be responsible for any compensation liability arising from the termination of the existing property management contract.

Board composition

The Target Company shall have five directors, two of whom shall be appointed by the Seller and three of whom shall be appointed by the Purchaser. The chairman shall be a director appointed by the Purchaser, and the vice-chairman shall be a director appointed by the Seller.

Matters that require majority / unanimous board approval

The approval of the majority or all (as the case may be) of the directors of the Target Company is required for certain reserved matters of the Target Company.

Guarantee in favour of Purchaser

Pursuant to the Equity Transfer Agreement, the Seller agreed to provide, in favour of the Purchaser, a guarantee with the right to the economic interests corresponding to the Seller's 50% equity interest in the Target Company after Completion, to which the Seller would have otherwise been entitled, for any loss which may be suffered by the Purchaser arising from any breach of the Equity Transfer Agreement (the "**Seller's Guarantee**"). The Seller's Guarantee shall be effective from the date of the Equity Transfer Agreement and shall expire two years after the due date for the performance of all obligations under the Equity Transfer Agreement. The Seller agreed not to create any third party encumbrances over the 50% equity interest in the Target Company that it holds after Completion within the term of the Seller's Guarantee.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The main objective of the Transaction is for the Purchaser and the Seller to jointly develop the Project. The Transaction provides the Group with an opportunity to enhance its core property development business by increasing its land reserve in the Yangtze River Delta region of the PRC, which is in line with the Group's development strategy of focusing in the Pearl River Delta region, Yangtze River Delta region and the central region of the PRC, and will further consolidate the Group's market position in the Yangtze River Delta region of the PRC.

The Group will also support the strategy of maintaining stable growth of its business by obtaining land reserve through diversified means. The Transaction is an important step in implementing the Group's strategy of enhancing its business development through mergers and acquisitions. The Group considers that the costs for acquiring the Target Interest is reasonable, and that the Transaction is beneficial to the stable growth of the Group's core business.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the Company's ordinary and usual course of business, and that it is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET COMPANY, THE PROJECT COMPANY AND THE PROJECT

The Target Company

The Target Company is an indirect beneficial owner of the Project Company.

The construction of the Project on the Undeveloped Land Parcel has yet to commence. As a result, the Target Company has not recorded any profits arising from the Target Interest as at 30 September 2016.

As at 30 September 2016, the unaudited consolidated total assets and net liabilities of the Target Company attributable to the Target Interest were RMB1,383,837,000 and RMB3,000 respectively, and the unaudited consolidated total assets and net asset value of the Target Company as a whole (including the Developed Land Parcel and the Undeveloped Land Parcel) were RMB1,613,908,000 and RMB109,512,000 respectively.

The Project Company

The Project Company is an indirectly wholly-owned subsidiary of the Target Company, and is the current legal owner of the land use rights of the Land Parcel (which includes both the Undeveloped Land Parcel and the Developed Land Parcel).

The Project

The Project to be constructed on the Undeveloped Land Parcel will be a mixed-use complex with a total permitted gross floor area of 693,055 sq.m, of which 605,869 sq.m will comprise residential properties, and 87,186 sq.m will comprise commercial properties.

The Undeveloped Land Parcel on which the Project will be constructed is located in Taicang city in Suzhou, Jiangsu province in the PRC, which is close to the Jiading district of Shanghai.

INFORMATION ON THE COMPANY, THE SELLER AND THE PURCHASER

The Company

The Company is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, Yangtze River Delta, Bohai Rim Economic Zone and Central Region.

The Seller

The Seller is an investment holding company.

The Purchaser

The Purchaser is principally engaged in business information consulting, commercial information consulting, and corporate management consulting.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios exceeds 5% but is lower than 25%, the acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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

DEFINITIONS

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

“Balance”	RMB933,080,050
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in the PRC)

“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123) and on the Singapore Exchange Securities Trading Limited
“Completion”	completion of the Transaction pursuant to the Equity Transfer Agreement
“Conditions Precedent”	the condition precedents to Completion as provided in the Equity Transfer Agreement, which are summarized in the section headed “Equity Transfer Agreement - Conditions precedent” in this announcement
“Consideration”	RMB1,733,080,050, being the consideration payable by the Purchaser to the Seller for the acquisition of the Target Interest
“Developed Land Parcel”	the portion of the Land Parcel already developed as at the date of the Equity Transfer Agreement
“Directors”	the directors of the Company
“Earnest Money”	has the meaning given to it in the section headed “Equity Transfer Agreement - Consideration and payment terms” in this announcement
“Equity Transfer Agreement”	the equity transfer agreement entered into among the Seller, the Purchaser, the Target Company and the Project Company dated 23 October 2016 regarding the Transaction
“Group”	the Company and its subsidiaries
“Hangzhou Chang Chun”	Hangzhou Chang Chun Garden Engineering Co., Ltd.* (杭州暢春園林工程有限公司), a limited liability company incorporated under the laws of the PRC
“Hangzhou Hui Sheng”	Hangzhou Hui Sheng Investment Development Co., Ltd.* (杭州慧盛投資發展有限公司), a limited liability company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of the Target Company

“Hangzhou Yan Sheng”	Hangzhou Yan Sheng Industrial Investment Company Limited (杭州炎盛實業投資有限公司), a limited liability company incorporated under the laws of the PRC, which is the sole owner of the entire equity interest of the Purchaser
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Independent Valuer”	Greater China Appraisal Limited
“Initial Purchase Price”	RMB800,000,000
“Land Parcel”	the land parcels located at Taicang city (which include both the Developed Land Parcel and Undeveloped Land Parcel), the land use rights of which are owned by the Project Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	refers to the Seller, the Purchaser, the Target Company and the Project Company (each a “ Party ”, collectively, “ Parties ”)
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project”	the mixed-use complex to be constructed on the Undeveloped Land Parcel, as more particularly described in the section headed “Information on the Target Company, the Project Company and the Project - The Project” in this announcement

“Project Company”	Suzhou Xiangdong Island Real Estate Development Co., Ltd.* (蘇州向東島房地產開發有限公司), a limited liability company incorporated under the laws of the PRC, which is an indirect wholly-owned subsidiary of the Target Company
“Purchaser”	Zhoushan Hongzhi Economic Information Consulting Co., Ltd.* (舟山宏智經濟信息諮詢有限公司), a limited liability company incorporated under the laws of the PRC, which is an indirect 95%-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	the State Administration for Industry and Commerce of the PRC
“SAIC Registration Date”	the date on which the business licence of the Target Company is issued by SAIC, showing that the Purchaser is registered as a holder of 50% of the equity interest in the Target Company
“Seedlings Cultivation Land Lease”	the seedling cultivation land lease (苗木種植土地租賃合同) entered into between the Project Company and Hangzhou Chang Chun
“Seller”	Virtue Joy Development Limited (欣德發展有限公司), a limited liability company incorporated under the laws of Hong Kong
“Seller’s Guarantee”	has the meaning given to it in the section headed “Equity Transfer Agreement - Guarantee” in this announcement
“Shareholders”	holders of shares of the Company
“Specified Debts”	the list of debt as set out in schedule 2 of the Equity Transfer Agreement
“sq.m.”	square metres
“State-owned Land Use Rights Certificates”	the state-owned land use rights certificates of the PRC (國有土地產權証)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Taicang He Rong”	Taicang He Rong Financial Trading Co., Ltd.* (太倉和融商貿有限公司), a limited liability company incorporated under the laws of the PRC, which is an indirectly wholly-owned subsidiary of the Target Company
“Taicang He Rong Debt”	the RMB950,010,100 debt owed by Taicang He Rong to Zhejiang He Rong
“Target Company”	Zhoushan Xinde Business Development Co., Ltd.* (舟山欣德商貿發展有限公司), a limited liability company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of the Seller
“Target Company Subsidiaries”	collectively, the Project Company, Hangzhou Hui Sheng and Taicang He Rong, each a Target Company Subsidiary
“Target Group Companies”	collectively, the Target Company, Hangzhou Hui Sheng, Taicang He Rong and the Project Company, each a Target Group Company
“Target Interest”	has the meaning given to it in the section headed “Equity Transfer Agreement - Asset to be acquired” in this announcement
“Transaction”	the transfer of the Target Interest by the Seller to the Purchaser pursuant to the Equity Transfer Agreement
“Transaction Documents”	collectively, the Equity Transfer Agreement and any other documents to be entered into by the Seller, the Purchaser, the Target Company and/or the Project Company pursuant to the Equity Transfer Agreement and including any amendments, supplements and appendices thereto
“Undeveloped Land Parcel”	the portion of the Land Parcel (excluding the Developed Land Parcel) to be jointly developed by the Purchaser and the Seller pursuant to the Equity Transfer Agreement

“Zhejiang He Rong”

Zhejiang He Rong Industrial Co., Ltd.* (浙江和融實業有限公司), a limited liability company incorporated under the laws of the PRC

For and on behalf of the Board
Yuexiu Property Company Limited
Yu Tat Fung
Company Secretary

Hong Kong, 24 October 2016

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

Executive Directors: *ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan, LI Feng, OU Junming and OU Shao*

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

* *For identification purpose only*