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(incorporated in Hong Kong with limited liability)
(Stock code: 00123)

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED DISPOSAL

The Company is pleased to announce that on 31 August 2017, the Vendor and the Purchaser entered into the Asset Transfer Agreement, pursuant to which, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Hotel (together with the Moveables) for a total consideration of RMB199,256,500.

LISTING RULES IMPLICATIONS

The Purchaser is indirectly wholly-owned by GZYS, the controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

INTRODUCTION

The Company is pleased to announce that on 31 August 2017, the Vendor and the Purchaser entered into the Asset Transfer Agreement, pursuant to which, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Hotel (together with the Moveables) for a total consideration of RMB199,256,500.

ASSET TRANSFER AGREEMENT

Date: 31 August 2017

Parties

Vendor: 廣州城建開發景城房地產有限公司 (Guangzhou City Construction & Development Jingcheng Property Co., Ltd*)

Purchaser: 廣州雅城房地產開發有限公司 (Guangzhou Yacheng Real Estate Development Limited*)

Assets to be disposed of

Pursuant to the Asset Transfer Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Hotel (together with the Moveables) for a total consideration of RMB199,256,500 (the “**Purchase Price**”). The Hotel has a total gross floor area of approximately 35,902.68 square metres and the land use rights to the Hotel are held by the Vendor as at the date of this announcement. Based on the valuation conducted by the Independent Property Valuer, the market value of the Hotel as at 10 July 2017 was RMB196,000,000.

The Hotel (together with the Moveables) are sold to the Purchaser on an “as is” basis.

Purchase Price and payment terms

The Purchase Price shall be paid in full by the Purchaser to the Vendor within 15 business days from the date on which the Asset Transfer Agreement becomes effective (the “**Effective Date**”). The Purchaser shall pay such Purchase Price to the designated bank account of the Vendor.

The Purchase Price was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to, among other things, the market value of the Hotel as at 10 July 2017 in the amount of RMB196,000,000 as valued by the Independent Property Valuer. The Directors (including the independent non-executive Directors) consider that the Purchase Price is fair and reasonable, on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Completion of the Disposal

Completion of the Disposal shall take place on the date when the Purchase Price is paid to the Vendor by the Purchaser in full (the “**Completion Date**”). Subject to the Purchaser having paid the compensation amount payable pursuant to the terms of the Asset Transfer Agreement (if any), on the Completion Date, the Vendor shall deliver the Hotel (together with the Moveables) to the Purchaser, upon which all of the rights, obligations and risks in respect of the Hotel (together with the Moveables) are transferred to the Purchaser.

Within 15 business days from the date of the Asset Transfer Agreement, the Purchaser and the Vendor shall enter into a commodity sale and purchase contract, which is required for the registration of the transfer of property rights in respect of the Hotel by the relevant PRC governmental authorities (the “**Transfer Registration**”). The Purchaser shall be solely responsible for the aforesaid Transfer Registration, whilst the Vendor should provide the necessary cooperation.

Termination and penalty in the event of breach

In the event that the Purchaser fails to fulfil its payment obligations in accordance with the terms under the Asset Transfer Agreement, the Purchaser shall pay penalty interest at the rate specified in the Asset Transfer Agreement for every day that the abovementioned breach subsists, and if the abovementioned breach continues to subsist for a period of 30 days after the relevant deadline stipulated in the Asset Transfer Agreement, the Vendor may terminate the Asset Transfer Agreement and the Purchaser shall pay the Vendor damages resulting from the abovementioned breach.

In the event that the Transfer Registration cannot be completed within 365 days from Effective Date, the Parties shall agree to terminate the Asset Transfer Agreement, and the Vendor shall refund without interest the balance of the Purchase Price paid by the Purchaser after deducting from the Purchase Price the compensation amount payable and expenses incurred by the Purchaser (if any). Further, in the event of the failure to complete the Transfer Registration or breach of other terms of the Asset Transfer Agreement, the defaulting Party shall pay the non-defaulting Party the applicable damages resulted from such breach(es) of the Asset Transfer Agreement.

The Asset Transfer Agreement shall be legally binding on the Parties from the Effective Date and shall not be unilaterally modified, rescinded or terminated, except that: (i) the Asset Transfer Agreement may be modified or rescinded upon mutual agreement by the Parties in writing; (ii) the Asset Transfer Agreement may be terminated on the occurrence of any force majeure events or in the event that the purpose of the Asset Transfer Agreement cannot be realized; or (iii) the Asset Transfer Agreement may be terminated in accordance with the applicable laws, regulations or other provisions of the Asset Transfer Agreement.

FINANCIAL INFORMATION OF THE HOTEL

The unaudited financial information of the Hotel prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively, is as follows:

	For the financial year ended 31 December 2015	For the financial year ended 31 December 2016	For the six months ended 30 June 2017
Revenue	RMB26,540,900	RMB20,527,200	RMB6,279,100
Net loss before taxation	RMB9,210,900	RMB9,767,600	RMB5,992,400
Net loss after taxation	RMB9,210,900	RMB9,767,600	RMB5,992,400

As at 30 June 2017, the unaudited net book value of the Hotel and the Moveables is approximately RMB95,338,000 and RMB601,500, respectively.

FINANCIAL EFFECTS OF THE DISPOSAL

It is expected that the Group will record a gain of approximately RMB35,000,000 (after taxation) as a result of the Disposal. Such gain is calculated by reference to the unaudited aggregate net book value of the Hotel (together with the Moveables) as at 30 June 2017.

USE OF PROCEEDS

It is expected that the net proceeds from the Disposal will be applied towards the working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Hotel, which is located in Conghua District in Guangzhou City, Guangdong Province, the PRC, is relatively low in terms of economic efficiency given its current status. The renovation and upgrading of the Hotel, if it were to proceed, will involve high costs. The Company is disposing of such property with relatively low economic efficiency at the market price in order to speed up the flow of cash back to the Company and achieve reasonable profit. Upon completion of the Disposal, the Hotel will be held or may be further re-developed by GZYX.

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

INFORMATION OF THE COMPANY, THE VENDOR AND THE PURCHASER

Information of the Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123). The Group 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.

Information of the Vendor

The Vendor is principally engaged in real estate development and operation, management of self-owned properties, property leasing, and property management.

Information of the Purchaser

The Purchaser is principally engaged in real estate development and operation, property management, interior refurbishment and renovation, and investment management using its own funds.

IMPLICATIONS UNDER THE LISTING RULES

The Purchaser is indirectly wholly-owned by GZYZ, the controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

DEFINITIONS

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

“Asset Transfer Agreement”	the Asset Transfer Agreement dated 31 August 2017 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Hotel (together with the Moveables)
“Board”	the board of Directors
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“Completion Date”	has the meaning ascribed to it under the section “Asset Transfer Agreement - Completion of the Disposal”
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the sale of the Hotel (together with the Moveables) and all title, rights, benefits and obligations in relation thereto by the Vendor to the Purchaser as contemplated by and pursuant to the Asset Transfer Agreement
“Effective Date”	has the meaning ascribed to it under section “Asset Transfer Agreement - Purchase Price and payment terms”
“Group”	the Company and its subsidiaries
“GZYX”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*), a limited liability company incorporated under the laws of the PRC, which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC and which is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hotel”	the real property being operated as a hotel named 逸泉國際大酒店 (Espring Hotel) located on No. 1 Qinquan Road, Yiquan Shanzhuang, Jiekou Street, Conghua District, Guangzhou City, Guangdong Province, the PRC
“Independent Property Valuer”	Greater China Appraisal Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moveables”	the relevant gardening machineries, electrical and electronic appliances, furniture, work trailers, hand-tools and low value consumables currently placed in, or used for maintenance of the Hotel
“Parties”	the Vendor and the Purchaser, each a “ Party ”
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchase Price”	has the meaning ascribed to it under the section “Asset Transfer Agreement - Assets to be disposed of”
“Purchaser”	廣州雅城房地產開發有限公司 (Guangzhou Yacheng Real Estate Development Limited*), a limited liability company incorporated under the laws of the PRC and which is indirectly wholly-owned by GZYX
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Registration”	has the meaning ascribed to it under section “Asset Transfer Agreement - Completion of the Disposal”

“Vendor”

廣州城建開發景城房地產有限公司 (Guangzhou City Construction & Development Jingcheng Property Co., Ltd.*), a company incorporated in the PRC and is indirectly owned as to 99.75% by the Company and 0.25% by GZYY

%

per cent

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

* *for identification purpose only*

Hong Kong, 31 August 2017

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

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan, LI Feng and CHEN Jing

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