

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



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

(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY
INTERESTS IN THE TARGET COMPANY**

THE DISPOSAL

Reference is made to the announcements of the Company dated 9 September 2024, 25 October 2024 and 28 November 2024 in relation to the potential disposal of the entire equity interests of the Target Company, an indirect wholly-owned subsidiary of the Company, by way of public tender on GUAEE.

The Board is pleased to announce that on 3 December 2024 (after trading hours), the Vendors and the Purchaser entered into the Equity Transaction Agreement, pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to acquire the entire equity interests in the Target Company, at a consideration of RMB1,092,083,400.

IMPLICATIONS UNDER THE LISTING RULES

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

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

THE DISPOSAL

Reference is made to the announcements of the Company dated 9 September 2024, 25 October 2024 and 28 November 2024 in relation to the potential disposal of the entire equity interests of the Target Company, an indirect wholly-owned subsidiary of the Company, by way of public tender on GUAEE.

The Board is pleased to announce that on 3 December 2024, the Vendors and the Purchaser entered into the Equity Transaction Agreement, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire, the entire equity interests in the Target Company, at a consideration of RMB1,092,083,400.

As of the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Target Company will cease to be an indirect subsidiary of the Company.

The principal terms of the Equity Transaction Agreement are summarized as follows:

THE EQUITY TRANSACTION AGREEMENT

Date: 3 December 2024 (after trading hours)

Parties: (i) the Vendors (as vendors); and
(ii) the Purchaser (as purchaser).

Subject Matter

Pursuant to the Equity Transaction Agreement, the Vendors have agreed to sell, and the Purchaser has agreed to acquire, the entire equity interests in the Target Company. The Target Company currently holds the Properties, which include the office space and car parks of Guangzhou International Commercial Center in Tianhe District, Guangzhou, the PRC.

Consideration

The Purchaser has paid a transaction deposit in the amount of RMB109,208,340 to the GUAEE upon its submission of bid in accordance with the applicable rules and procedures of the GUAEE.

The Consideration of the Disposal is RMB1,092,083,400 (inclusive of the transaction deposit already paid to the GUAEE), which was the effective bid price determined in accordance with the rules and procedures of the GUAEE in relation to the Disposal. The Consideration was determined with reference to the appraised value of the Target Company as at 31 August 2024 by an independent PRC valuer using asset-based approach and revenue approach.

The Purchaser shall pay the Consideration (exclusive of the transaction deposit already paid to the GUAEE) to GUAEE within five (5) working days in the PRC after the effective date (i.e. the signing date) of the Equity Transaction Agreement. After receiving the Consideration and other service charges in full, GUAEE will issue a transaction confirmation within three (3) working days in the PRC, and transfer the amount of the Consideration to the Vendors without interest after deduction of any applicable withholding tax.

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

Arrangements related to Dividends

As at 31 August 2024, the Target Company owed Kingwongs unpaid dividends in the amount of RMB1,709,349,446.33 due to the time required to complete foreign exchange procedures. If these dividends remain unpaid following the completion of the Disposal, the Purchaser shall assist the Target Company (including the provision of a short term loan by the Target Company to a third party company designated by Kingwongs) to fulfil its obligations to pay the dividends to Kingwongs post-completion.

Conditions Precedent and Completion of the Disposal

Completion of the Disposal is conditional on the Purchaser having obtained (i) the transaction confirmation issued by GUAEE in respect of the Disposal and (ii) the updated register of members of the Target Company.

INFORMATION OF THE PURCHASER

The Purchaser and the ABS Scheme

The Purchaser is a company with limited liabilities held by the ABS Scheme, a newly established asset-backed securities scheme known as CITIC Securities — Yuexiu Commercial Properties Asset-backed Securities Scheme* (中信證券 — 越秀商業持有型不動產資產支持專項計劃). The Scheme Manager is a listed company and is an Independent Third Party. Pursuant to the ABS Scheme, the Scheme Manager, as the manager of the ABS Scheme, has issued the ABS in the aggregate amount of RMB1,413,000,000 for the purpose of, among other things, acquiring the entire equity interests of the Target Company and thereby securitizing the Properties by injecting the proceeds from the issuance of ABS into the Purchaser. The Purchaser will in turn use such proceeds to, among other things, acquire the entire equity interests in the Target Company. The ABS Holders will in return enjoy the economic benefits generated from the Properties.

As of the date of this announcement, GCCD has subscribed for 30% of the ABS. The remaining 70% of the ABS have been subscribed by other professional institutional investors. Each of the other investors and its respective ultimate beneficial owners are Independent Third Parties and have subscribed not more than 20% of the ABS. Save for the fact that GCCD has 30% interest in the ABS, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties. The relevant size tests in connection with the subscription by GCCD of 30% interest in the ABS are all below 5% and as such, the subscription did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Operational Management Services Agreement

In connection with the establishment of the ABS Scheme and the acquisition of the entire equity interest of the Target Company, the Scheme Manager, the Target Company and Yuexiu Commercial Management entered into the Operational Management Services Agreement, pursuant to which the Scheme Manager has appointed Yuexiu Commercial Management, with effect from the issuance of the transaction confirmation by GUAEE in respect of the Disposal, as the operational services agent to provide operational and management services in respect of the Properties during the term of the ABS Scheme, including but not limited to the daily operation, renting, financial management and maintenance of the Properties.

Pursuant to the Operational Management Services Agreement, the Target Company shall pay to Yuexiu Commercial Management (i) a basic management fee calculated based on the annual revenue targets (which are set for the period up until 31 December 2034) and (ii) an incentive management fee in the event the actual revenue attributable to the Properties exceeds the respective annual revenue target. The transactions under the Operational Management Services Agreement constitute transactions of a revenue nature in the ordinary and usual course of business of the Company and are therefore exempt from the requirements of Chapter 14 of the Listing Rules.

INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in real estate and currently holds the Properties. Set out below are the key audited financial information of the Target Company for the financial years ended 31 December 2022 and 31 December 2023, prepared in accordance with PRC accounting standards:

	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	216,255.42	1,580,725.4
Profit before income tax	306,546.76	146,146.9
Profit after income tax	309,954.36	144,729.8

INFORMATION ON THE GROUP AND THE VENDORS

The Group is principally engaged in property development and investment. Guided by the core motto of “Where Good Living Starts”, the Group has strategically established its business presence in 27 cities across China, with its business mainly based in the Greater Bay Area, Eastern China, Central and Western China and Northern China. As at 30 June 2024, the total assets of the Group are approximately RMB423.5 billion, with a landbank total gross floor area of approximately 25.03 million sq.m.. The Company adheres to the Group’s core brand value of “quality, responsibility, innovation and mutual development”, dares to pioneer and invent, and is committed to building a remarkable and sustainable future for all.

Each of Kingwongs and Huazhen Tech Service is principally engaged in investment holding. As of the date of this announcement and prior to the completion of the Disposal, the equity interests of the Target Company are held by Kingwongs and Huazhen Tech Service as to 81.26% and 18.74%, respectively.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group is expected to record a gain (after tax) of approximately RMB876 million as a result of the Disposal. The actual financial effects of the Disposal will be determined with reference to the financial status of Target Company as at the completion of the Disposal.

USE OF PROCEEDS

The proceeds from the Disposal of approximately RMB997 million will, after deducting all relevant expenses, be used by the Group for re-investments in the development of its core business operations.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company expects that the Disposal will help expedite the turnover of its commercial properties and further optimise the Group’s cash flow management. At the same time, the Disposal will enable the Group to further improve its asset structure and efficiency of capital use, which are consistent with the Company’s long term strategic goals.

IMPLICATIONS UNDER THE LISTING RULES

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

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

DEFINITIONS

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

“ABS”	the asset-backed securities in the principal amount of RMB1,413,000,000 issued pursuant to the ABS Scheme
“ABS Holder(s)”	holder(s) of the ABS
“ABS Scheme”	CITIC Securities — Yuexiu Commercial Properties Asset-backed Securities Scheme* (中信證券 — 越秀商業持有型不動產資產支持專項計劃), an asset-backed securities scheme set up for the purpose of securitizing the Properties by issuing the ABS to the ABS Holders
“Board”	the board of Directors
“Company”	Yuexiu Property Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal payable by the Purchaser under the Equity Transaction Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interests of the Target Company by the Vendors to the Purchaser in accordance with the Equity Transaction Agreement
“Equity Transaction Agreement”	the equity transaction agreement entered into between the Vendors and the Purchaser dated 3 December 2024 in respect of the Disposal
“GCCD”	Guangzhou City Construction & Development Co., Ltd.* (廣州市城市建設開發有限公司), a company established in the PRC with limited liabilities which is indirectly owned as to 95% by the Company and 5% by GZYX
“Group”	the Company and its subsidiaries
“GUAEE”	GuangDong United Assets and Equity Exchange (廣東聯合產權交易中心), the only institution in Guangdong Province engaging in transfer of state-owned assets

“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liabilities, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huazhen Tech Service”	Guangzhou Huazhen Technology Service Co., Ltd.* (廣州華振科技服務有限公司), a company established in the PRC with limited liabilities and an indirect wholly owned subsidiary of the Company
“Independent Third Party(ies)”	a party who is not a connected person (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“Kingwongs”	Kingwongs Investment Limited (金旺投資有限公司), a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Operational Management Services Agreement”	the operational management services agreement dated 8 November 2024 entered into among the Scheme Manager, the Target Company and Yuexiu Commercial Management
“PRC”	the People’s Republic of China
“Properties”	the office space and car parks of Guangzhou International Commercial Center in Tianhe District, Guangzhou, the PRC, which are held by the Target Company
“Purchaser”	Guangzhou Renyao Economic Information Consultancy Co., Ltd.* (廣州仁耀經濟資訊諮詢有限公司), a company established in the PRC with limited liabilities and a direct wholly owned subsidiary of the Scheme Manager
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Manager”	CITIC Securities Company Limited (中信證券股份有限公司), a joint stock limited company incorporated in the PRC which is listed on the Stock Exchange (stock code: 6030) and Shanghai Stock Exchange (stock code: 600030)
“Shareholder(s)”	holder(s) of shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Guangzhou Grandcity Development Ltd.* (廣州宏城發展有限公司), a company established in the PRC with limited liability which is an indirectly wholly owned subsidiary of the Company
“Vendors”	Kingwongs and Huazhen Tech Service
“Yuexiu Commercial Management”	Guangzhou Yuexiu Commercial Properties Operation Management Co. Ltd.* (廣州越秀商業地產經營管理有限公司), a company established in the PRC with limited liabilities and an indirect wholly owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 4 December 2024

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

Executive Directors: LIN Zhaoyuan (Chairman), ZHU Huisong, HE Yuping, CHEN Jing and LIU Yan

Non-executive Directors: ZHANG Yibing and SU Junjie

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

** For identification purposes only*