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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

CONTINUING CONNECTED TRANSACTIONS MASTER LEASE AGREEMENT

MASTER LEASE AGREEMENT

On 3 November 2022, the Company and GZYX entered into the Master Lease Agreement pursuant to which the Group shall from time to time lease or sub-lease (as the case may be) properties in the PRC that are owned or leased by the Group to the GZYX Entities for use as dormitories for employees of the GZYX Entities after refurbishment work performed by the Group on the Lease Properties.

PROPOSED ANNUAL CAPS

The proposed Annual Caps for the Lease Transactions are RMB31,000,000, RMB63,000,000 and RMB70,000,000 for the years ending 31 December 2023, 2024 and 2025, respectively.

LISTING RULES IMPLICATIONS

GZYX is the ultimate controlling Shareholder and therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the Master Lease Agreement between the Group and the GZYX Entities therefore will constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (other than the profits ratio) for the proposed Annual Caps under the Master Lease Agreement exceeds 0.1% but is below 5%, the transactions contemplated thereunder are only subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Duration

The term of the Master Lease Agreement shall commence from 1 January 2023 to 31 December 2025 (both days inclusive).

Subject to compliance with the then relevant requirements under the Listing Rules, the Master Lease Agreement may be renewed by the Company and GZYZ by agreement in writing.

GZYZ Entities shall enter into separate Lease Agreement with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the Master Lease Agreement.

Pricing Policy

The rent to be payable by the GZYZ Entities to the Group shall be subject to the provisions of the Master Lease Agreement and the rental rate as set out in the separate Lease Agreement(s) to be entered into between members of the Group and the GZYZ Entities, which shall be on normal commercial terms, fair and reasonable, and no less favourable than those available to other independent third parties lessee. The rental payable by the GZYZ Entities shall be determined with reference to the market rent at the time of entering into of the Lease Agreements for premises of close proximity and comparable size and permitted uses, by obtaining at least two quotations from such comparable lease properties owned by independent third parties. The rent will generally be payable by the relevant GZYZ Entity to the relevant member of the Group either on a monthly or quarterly basis in cash depending on the terms set out in the Lease Agreements.

Historical Amounts

The rental received by the Group from the GZYZ Entities for the Lease Properties for each of the years ended 31 December 2020 and 2021 and nine months ended 30 September 2022 were approximately RMB270,000, RMB2,245,000 and RMB9,876,000 respectively.

Proposed Annual Caps

The proposed Annual Caps for each of the three years ending 31 December 2023, 2024 and 2025 are set out as follows:

	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
Maximum aggregate amount of rent receivable by the Group from the GZYX Entities	RMB31,000,000	RMB63,000,000	RMB70,000,000

Basis of determining the proposed Annual Caps

In determining the Annual Caps, the management of the Company has taken into account various factors, including:

- (1) the historical rent received by the Group from the GZYX Entities in terms of the Lease Properties;
- (2) the projected demand and the expected rent for properties owned or leased by the Group for use as Lease Properties by GZYX Entities in the future; and
- (3) the expected market rental rate for premises of comparable size, usage and location.

INTERNAL CONTROL PROCEDURES

The Group has established internal control procedures as follows:

- (1) the Group will monitor the rental amount payable by the GZYX Entities to the Group on a quarterly basis to ensure that the aggregate amount of the annual rental payable by the GZYX Entities to the Group under the Lease Agreements do not exceed the Annual Caps.
- (2) The Group will prepare a continuing connected transaction report (“CCT Report”) once every six months on the Lease Agreements and the transactions contemplated thereunder which will be submitted to the audit committee of the Board for consideration. The content of the CCT Report includes (i) the aggregate rental amount payable by the GZYX Entities to the Group under the Lease Agreements ; (ii) a summary and comparison of the annual rental of the Lease Properties payable by the relevant GZYX Entities to the relevant

member of the Group under each Lease Agreements with reference to the then prevailing market conditions which should reflect the rental rate of similar or comparable properties offered to independent third parties; and (iii) the status of compliance with the Annual Caps.

- (3) The audit committee of the Board will in its meetings discuss and assess the implementation of the continuing connected transactions of the Group at least twice a year.
- (4) The auditors of the Group will, in addition to its interim review and year-end audit, conduct annual review of the Lease Transactions and confirm to the Board as to whether such Lease Transactions are indeed conducted in accordance with the terms of the Master Lease Agreement in all material respects, on normal commercial terms and in accordance with the pricing policy of the Group and whether the Annual Caps have been complied with. In addition, the independent non-executive Directors will also provide their annual confirmations with respect to the continuing connected transactions of the Group in the annual reports of the Group.

The Company is satisfied that it has an adequate system of controls to safeguard the Lease Transactions, and to provide information for the independent non-executive Directors and auditors to properly review the Lease Transactions annually.

REASONS FOR AND BENEFITS OF THE MASTER LEASE AGREEMENT

The Group owns and leases a number of properties in the PRC and has been leasing or sub-leasing (as the case may be) such properties to the GZYG Entities, after performing refurbishment work to the requirements of GZYG Entities, for use as dormitories for employees of the GZYG Entities in the past. In view of the growing demand for such Lease Properties from GZYG Entities, the Company is of the view that it would be beneficial to the Company to continue to identify suitable properties to rent based on the needs of GZYG Entities and, after performing requisite refurbishment work, to sub-lease such properties to GZYG Entities which would in turn provide the Company with a stable source of rental income. The Directors also consider that the Master Lease Agreement can set out a framework and streamline the leasing processes in respect of the Lease Properties between members of Group and the GZYG Entities. The Master Lease Agreement will also provide a single basis on which the Company will comply with the relevant reporting, announcement and annual review requirements (to the extent applicable) in compliance with the Listing Rules and thereby enhances administrative efficiency and saves costs for the Company in complying with such requirements.

Having considered the above factors and the basis of determination of the Annual Caps, the Board (including the independent non-executive Directors) considers that: (i) the terms of the Master Lease Agreement are fair and reasonable and on normal commercial terms; (ii) the Lease Transactions are in the ordinary and usual course of business of the Group; (iii) the entering into of the Master Lease Agreement by the Company is in the interest of the Company and its shareholders as a whole; and (iv) the Annual Caps (including the basis of determination thereof) are fair and reasonable.

LISTING RULES IMPLICATIONS

GZYG is the ultimate controlling Shareholder and therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the Master Lease Agreement between the Group and the GZYG Entities therefore constitute will continuing connected transactions of the Company.

As the highest applicable percentage ratio (other than the profits ratio) for the proposed Annual Caps under the Master Lease Agreement exceeds 0.1% but is below 5%, the transactions contemplated thereunder are only subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Lease Transactions.

INFORMATION ON THE COMPANY AND GZYG

The Company

The Company is principally engaged in property development and investment, deepening the implementation of the "1+4" national strategic layout and deep cultivation of the Greater Bay Area market, and focusing on expanding their business in Eastern China, Central China, Northern China and Western China.

GZYG

GZYG, the ultimate controlling Shareholder, is a company established in the PRC with limited liability and is majority owned by the Guangzhou Municipal People's Government of the PRC. GZYG and its subsidiaries are engaged in various businesses, including (i) real estate and property development business; (ii) commercial banking, asset management, finance leasing, futures, business investment and other financial services; (iii) transportation, infrastructure and construction business; and (iv) livestock breeding, dairy industry, food processing and other businesses.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate amount of rent receivable by the Group from the GZYX Entities under the Lease Transactions for each of the financial periods and years set out in this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“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 Stock Exchange (Stock Code: 00123)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“GZYX”	廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited*), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company
“GZYX Entities”	collectively, GZYX, its subsidiaries and its associates (in each case excluding the Company and its subsidiaries), and “GZYX Entity” means any one of them
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Agreement(s)”	the lease agreement(s) entered or to be entered into between the relevant GZYX Entities and the relevant member of the Group pursuant to the Master Lease Agreement
“Lease Properties”	properties in the PRC that are owned or leased by the Group and leased or sub-leased (as the case may be) to the GZYX Entities for use as dormitories for employees of the GZYX Entities after refurbishment work performed by the Group on those owned or leased properties of the Group

“Lease Transactions”	the leasing or sub-leasing (as the case may be) of the Lease Properties under any Lease Agreement(s)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Lease Agreement”	The master lease agreement dated 3 November 2022 entered into between the Company and GZYS to govern the leasing and sub-leasing of the Lease Properties for the period between 1 January 2023 to 31 December 2025 (both days inclusive)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

* *for identification purpose only*

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

Hong Kong, 3 November 2022

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

<i>Executive Directors:</i>	<i>LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan</i>
<i>Non-executive Director:</i>	<i>ZHANG Yibing</i>
<i>Independent Non-executive Directors:</i>	<i>YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose</i>