
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yuexiu Property Company Limited, you should at once hand this Circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, 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 Circular.



(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS; (2) NOTICE OF GENERAL MEETING; AND (3) CLOSURE OF REGISTER OF MEMBERS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A notice convening the General Meeting (as defined herein) of Yuexiu Property Company Limited to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 December 2022 at 11:00 a.m. is set out on pages GM-1 to GM-2 of this Circular. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting thereof (as the case may be) should you so wish.

Please see pages 1-2 of this Circular for precautionary measures that the Company will implement at the General Meeting in consideration of the continuing risk posed by coronavirus disease (COVID-19), including:

- limited attendance in person at the venue of the General Meeting;
- compulsory wearing of face masks and any attendees who do not wear face masks may be requested to leave or denied entry into the venue of the General Meeting;
- scanning of the “LeaveHomeSafe” venue QR code and complying with the Vaccination Pass requirements;
- compulsory hand sanitizing before entry into the venue of the General Meeting;
- body temperature checks/screening before entry into the waiting area outside the venue of the General Meeting;
- **no** food and beverage service and **no** handing out of gift coupons or souvenirs; and
- any other additional precautionary measures as appropriate.

The Company would like to remind all Shareholders that physical attendance at the General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the General Meeting as their proxy to vote on the relevant resolutions at the General Meeting instead of attending the General Meeting in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

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PRECAUTIONARY MEASURES FOR THE GENERAL MEETING

In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the General Meeting, the Company will implement the following precautionary measures at the General Meeting:-

- (1) All attendees must wear face masks at all times inside the venue of the General Meeting or at the waiting area outside the venue of the General Meeting. Any attendees who do not wear face masks may be requested to leave or denied entry into the venue of the General Meeting.
- (2) All attendees must scan the “LeaveHomeSafe” venue QR code and complying with the Vaccination Pass requirements.
- (3) All attendees must clean their hands with alcohol-based hand sanitizer before entering the venue of the General Meeting.
- (4) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the venue of the General Meeting. Any person with a body temperature of over 37.2 degrees Celsius or has shown flu-like symptoms may be requested to leave or denied entry into the venue of the General Meeting.
- (5) **No** food and beverage service will be provided and there will be **no** handing out of gift coupons or souvenirs.
- (6) Only a limited number of seats will be available, with no standing arrangement, in the venue of the General Meeting in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the venue of the General Meeting.
- (7) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government, the regulatory authorities and/or the venue of the General Meeting, or as considered appropriate in light of the development of the COVID-19 pandemic.

The Company will continue to monitor how the COVID-19 outbreak develops and may adopt additional measures.

The Company reminds attendees that they should carefully consider their own health/personal circumstances before they decide to attend the General Meeting in person. The Company would like to remind all Shareholders that physical attendance at the General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the General Meeting as their proxy to vote on the relevant resolutions at the General Meeting instead of attending the General Meeting in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE GENERAL MEETING

The proxy form is attached to this Circular for registered Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the “Investor Relations” section of the Company’s website at www.yuexiuproperty.com and the Stock Exchange’s website at www.hkexnews.hk. If you are not a registered Shareholder (if your shares are held via banks, brokers or custodians), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

If Shareholders choosing not to attend the General Meeting in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via email: ir@yuexiuproperty.com.

DEFINITIONS

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

“2019 Announcement”	has the meaning ascribed to it under the section headed “Introduction” in this Circular
“2019 Circular”	has the meaning ascribed to it under the section headed “Introduction” in this Circular
“2020 Bank Deposits Agreement”	the master agreement dated 23 September 2019 entered into between the Company and CHB in relation to Bank Deposits
“2023 Bank Deposits Agreement”	the master agreement dated 3 November 2022 entered into between the Company and CHB in relation to Bank Deposits
“Announcement”	the announcement of the Company dated 3 November 2022 in relation to the renewal of continuing connected transactions of the Company in relation to the Bank Deposits
“Annual Cap”	the maximum daily outstanding balance of the Bank Deposits allowed to be placed by the Group with the CHB Group on any given day
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Bank Deposits”	deposits of whatever duration and nature and any other bank balances maintained by the Group (or any member of the Group) with the CHB Group from time to time
“Board”	the board of Directors
“Cash Holdings”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions in relation to Bank Deposits — New Annual Caps” in this Circular
“Charged Deposits”	certain amounts of presale proceeds of properties as guarantee deposits for constructions of related properties that certain property development companies of the Group are required to place in designated bank accounts in accordance with relevant documents issued by local State-Owned Land and Resource Bureau as part of the Group’s sale process in its ordinary course of business
“CHB”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability
“CHB Group”	CHB and its subsidiaries

DEFINITIONS

“Circular”	this circular in relation to the Bank Deposits issued by the Company in accordance with the Listing Rules
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Meeting”	the general meeting of the Company to be convened to consider and, if thought fit, to approve the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps)
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee only comprising of Mr. LAU Hon Chuen Ambrose, the independent non-executive Director who does not have a material interest in the Transactions, established to advise the Independent Shareholders in respect of the Transactions
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	the Shareholders, other than YXE and its associate(s), and Mr. Li Feng, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph
“Latest Practicable Date”	22 November 2022, being the latest practicable date prior to the printing of this Circular for ascertaining information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mainland China”	the People’s Republic of China which, for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“New Annual Caps”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions in relation to Bank Deposits — New Annual Caps” in this Circular
“PBOC”	The People’s Bank of China
“RMB”	Renminbi, the lawful currency of Mainland China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of the Company
“Shareholders”	holders of Shares
“Standard Documentation”	any standard documentation, as prescribed by the CHB Group in compliance with applicable legal and regulatory requirements and in accordance with usual banking practices in Hong Kong, applicable to the transactions contemplated under the 2023 Bank Deposits Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Transactions”	the transactions contemplated under the 2023 Bank Deposits Agreement
“USD”	United States dollars, the lawful currency of the United States of America
“YXE”	Yue Xiu Enterprises (Holdings) Limited, a limited company incorporated under the laws of Hong Kong and the controlling Shareholder and the indirect sole shareholder of CHB
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD



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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00123)

Executive Directors:

LIN Zhaoyuan (*Chairman*)

LIN Feng

LI Feng

CHEN Jing

LIU Yan

Registered office:

26th Floor

Yue Xiu Building

160 Lockhart Road

Wanchai

Hong Kong

Non-executive Director:

ZHANG Yibing

Independent non-executive Directors:

YU Lup Fat Joseph

LEE Ka Lun

LAU Hon Chuen Ambrose

24 November 2022

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO BANK DEPOSITS;
(2) NOTICE OF GENERAL MEETING; AND
(3) CLOSURE OF REGISTER OF MEMBERS**

INTRODUCTION

Reference is made to the 2019 Announcement, the 2019 Circular and the Announcement regarding the renewals of continuing connected transactions of the Company in relation to the Bank Deposits with the CHB Group.

The purpose of this Circular is to provide you with, among other things: (i) further information on the Transactions; (ii) a letter of recommendations of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) other information as required by the Listing Rules; and (v) the notice of the General Meeting.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

Background

As disclosed in the 2019 Announcement and the 2019 Circular, the Company entered into the 2020 Bank Deposits Agreement with CHB on 23 September 2019, the term of which will expire on 31 December 2022.

On 3 November 2022, the Company entered into the 2023 Bank Deposits Agreement for a term of three years for the purpose of, among others, renewing the term of the 2020 Bank Deposits Agreement.

Pursuant to the 2023 Bank Deposits Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group on normal commercial terms from time to time during the term of the 2023 Bank Deposits Agreement, and the placing and maintenance of any such Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers of similar size to the Group from time to time.

Duration

Subject to the approval by the Independent Shareholders at the General Meeting, the term of the 2023 Bank Deposits Agreement shall commence on 1 January 2023 and shall continue up to and including 31 December 2025. Subject to compliance with the Listing Rules, the 2023 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Conditions Precedent

The 2023 Bank Deposits Agreement is conditional upon the approval by the Independent Shareholders of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) at the General Meeting. If that condition is not fulfilled on or before 31 December 2022 or such later date as agreed between the Company and CHB, the 2023 Bank Deposits Agreement shall terminate with immediate effect without liability on either party.

Pricing Policy

The 2023 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (1) in the case of deposits in Hong Kong, interest rates and other terms offered to the Group by or obtained by the Group from at least two other independent banks in Hong Kong; and (2) in the case of deposits in Mainland China, interest rates for deposits in Mainland China set with reference to the standard interest rates published by the PBOC and interest rates and other terms offered to the Group by or obtained by the Group from at least two other independent banks in Mainland China.

Standard Documentation, in such form acceptable to the CHB Group and the Group, may be executed in order to give effect to, or facilitate, the Transactions.

LETTER FROM THE BOARD

Historical Annual Caps and Amounts

The Annual Caps in respect of the Bank Deposits under the 2020 Bank Deposits Agreement for the years ended 31 December 2020 and 2021 and for the year ending 31 December 2022 were RMB8,500,000,000, RMB10,000,000,000 and RMB12,000,000,000 respectively.

The highest daily outstanding balance of the Bank Deposits actually placed by the Group with the CHB Group on any given day during each of the years ended 31 December 2020 and 31 December 2021 and the period of nine months ended 30 September 2022 were as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the nine months ended 30 September 2022
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Highest daily outstanding balance of the Bank Deposits on any given day during the year/period	RMB6,108,000,000	RMB9,602,000,000	RMB8,447,000,000

New Annual Caps

As the scale of the Group's business and operation continues to grow, it is expected that its total assets, and the level of cash and cash equivalents as well as Charged Deposits (collectively, "Cash Holdings") held or maintained by it from time to time, may increase correspondingly. By way of illustration, the total assets of the Group grew from approximately RMB263.2 billion as at 31 December 2020 to approximately RMB313.9 billion as at 31 December 2021, and further to RMB320.9 billion as at 30 June 2022; and the level of its Cash Holdings grew from approximately RMB37.30 billion (comprising cash and cash equivalents of approximately RMB28.21 billion and Charged Deposits of approximately RMB9.09 billion) as at 31 December 2020 to approximately RMB40.50 billion (comprising cash and cash equivalents of approximately RMB32.77 billion and Charged Deposits of approximately RMB7.73 billion) as at 31 December 2021, and approximately RMB39.06 billion (comprising cash and cash equivalents of approximately RMB26.07 billion and Charged Deposits of approximately RMB12.99 billion) at 30 June 2022.

A higher Annual Cap would allow the Group to benefit more from a healthy competition amongst the CHB Group and the other banks. By way of illustration, the amounts of bank deposits required to be made by the Group would be particularly high when the Group receives proceeds from a major fund raising exercise (e.g. bond issue and issue of Shares) and when the Group is engaged in a significant acquisition or disposal. For example, the Group received gross proceeds of approximately HK\$2,016 million, equivalent to approximately RMB1,677 million and net proceeds (after deduction of the capitalised listing expenses) of approximately HK\$1,961 million, equivalent to approximately RMB1,632 million, from the spin-off and initial public offering of Yuexiu Services Group Limited (Stock Code: 6626) (whose financial results (including assets such as Cash Holdings) remain consolidated into those of the Company post-listing and as at the Latest Practicable Date). In 2020,

LETTER FROM THE BOARD

the Group received RMB1.50 billion from the issuance of onshore corporate bonds . In 2021, the Group received USD800 million and RMB6 billion from the issuance of offshore USD bonds and onshore RMB corporate bonds respectively. The Group would not be in a position to invite the CHB Group to provide quotations and compete with the other banks for this type of sizable deposits if the relevant Annual Cap does not allow enough room for the Group to do so.

Having considered the above, the Company proposes to set the Annual Caps at RMB13,000,000,000, RMB14,500,000,000 and RMB16,000,000,000 for the years ending 31 December 2023, 2024 and 2025, respectively (the “**New Annual Caps**”). The Company considers that the level of increments in such New Annual Caps is reasonable taking into account the business development of the Group.

INTERNAL CONTROL PROCEDURES

The Group has established internal control procedures as follows:

- (1) Bank Deposits will only be placed with the CHB Group by the Group on a non-exclusive basis. In order to ensure that the interest rates and other terms of the Bank Deposits are on normal commercial terms and no less favourable to the Group, each time before placing any Bank Deposits, the Group will compare the quotations offered by the CHB Group with those of at least two other independent banks. The Group may also take into account factors, including (among others) quality of services, safety of deposits, bank reputation and cooperation history, in making decisions to place deposits with any banks.
- (2) The Group will monitor the highest daily outstanding balance of the Bank Deposits on a daily basis to ensure that the aggregate balance of Bank Deposits do not exceed the New Annual Caps.
- (3) The Group will prepare a continuing connected transaction report once every six months on Bank Deposits placed with the CHB Group which will be submitted to the Group’s audit committee for consideration. Such a report will cover (among other things) the status of compliance with the New Annual Caps and utilization of the New Annual Caps.
- (4) The Group’s audit committee will in its meetings discuss and assess the implementation of the continuing connected transactions of the Group (which include, among others, the Bank Deposits) at least twice a year.
- (5) The auditors of the Group will be engaged to report on the continuing connected transactions of the Group disclosed in the annual report of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor will issue a letter containing their conclusions in respect of the continuing connected transactions disclosed in the annual report of the Company in accordance with Rule 14A.56 of the Listing Rules. According to the letter, the auditor will express a conclusion whether anything has come to their attention that causes them to

LETTER FROM THE BOARD

believe that the disclosed continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, conducted in accordance with the pricing policies of the Group for the transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the 2023 Bank Deposits Agreement governing such transaction; and/or (iv) have exceeded the New Annual Caps. 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 Company.

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

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in property development and investment. The Group has to maintain deposits with banks, primarily in Hong Kong and Mainland China, from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

CHB, as a reputable and long-established authorized institution in Hong Kong, is able to provide different banking and related financial services in support of the Group's business and treasury activities. The Company believes that it would be in the interest of the Group to engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's internal control procedures and the applicable Annual Caps. For the reasons discussed in the sub-section headed "New Annual Caps" under the section headed "Continuing Connected Transactions in relation to Bank Deposits" above, the Company considers that the New Annual Caps have been reasonably determined taking into account the business development of the Group.

LISTING RULES IMPLICATIONS

As CHB is a subsidiary of YXE, the controlling Shareholder, CHB is a connected person of the Company. The Bank Deposits maintained by the Group with the CHB Group therefore constitute continuing connected transactions of the Company. The Transactions do not constitute a transaction as defined under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the New Annual Caps under the 2023 Bank Deposits Agreement exceeds 5%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY AND CHB

The Company

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

CHB

CHB is incorporated in Hong Kong with limited liability. The CHB Group is principally engaged in provision of banking and related financial services. CHB is indirectly wholly-owned by YXE, which is in turn a wholly-owned subsidiary of GZYX.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 13.39(6)(c) of the Listing Rules, the independent board committee shall not consist of any independent non-executive Directors who have a material interest in the relevant transaction or arrangement. As Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph are regarded as having a material interest in the Transactions, the Independent Board Committee only comprising of Mr. Lau Hon Chuen Ambrose has been established to advise the Independent Shareholders in connection with the 2023 Bank Deposits Agreement and the Transactions.

Maxa Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9 December 2022 to Tuesday, 13 December 2022 (both days inclusive), during which no transfer of Shares will be effected, to determine the eligibility of the Shareholders to participate in the General Meeting. For Shareholders not already on the register of members of the Company, in order to qualify to attend and vote at the General Meeting, all transfer(s) of Share(s) (together with the relevant Share certificate(s)) must be lodged with the Company’s share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than Thursday, 8 December 2022.

GENERAL MEETING

The General Meeting will be held at 11:00 a.m. on Tuesday, 13 December 2022 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the resolution set out in the notice of the General Meeting, which is set out on pages GM-1 to GM-2 of this Circular. Whether or not you are able or intend to attend and vote at the General Meeting in person, you are requested to complete and return the enclosed form of proxy to the Company’s share registrar, Tricor Abacus Limited, at 17/F, Far East

LETTER FROM THE BOARD

Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked.

The voting in respect of the resolution to be proposed at the General Meeting will be conducted by way of a poll.

Any Shareholder with a material interest in the Transactions and his/her close associates must abstain from voting on the proposed resolution approving the Transactions. YXE and its associates, and each of Mr. Li Feng, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph, being Directors who are also Shareholders and who have a material interest in the Transactions, will abstain from voting at the General Meeting in respect of the proposed resolution to approve the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), therefore no other Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

You can vote at the General Meeting if you are an Independent Shareholder on Tuesday, 13 December 2022, which is referred to in this Circular as the record date. You will find enclosed with this Circular the notice of the General Meeting (please refer to pages GM-1 to GM-2 in this Circular) and a form of proxy for use for the General Meeting.

VOTING BY POLL

The resolution set out in the notice of the General Meeting would be decided by poll in accordance with the Listing Rules and the articles of association of the Company. On a poll, every Independent Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid Share held. An Independent Shareholder present in person (or, in the case of an Independent Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all of his/its votes or cast all of his/its votes in the same way. After the conclusion of the General Meeting, the poll results will be published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.yuexiuproperty.com>.

RECOMMENDATIONS

The Directors (excluding Mr. Li Feng, Ms. Chen Jing, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph, the Directors who are regarded as having a material interest in the Transactions and therefore have abstained from voting on the relevant board resolutions of the Company) are of the view that (i) the 2023 Bank Deposits Agreement has been entered into on normal commercial terms and in the ordinary and usual course of the Group's business; (ii) the terms of the 2023 Bank Deposits Agreement are fair and reasonable; and (iii) the Transactions (together with the New Annual Caps) are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (excluding Mr.

LETTER FROM THE BOARD

Li Feng, Ms. Chen Jing, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph, the Directors who are regarded as having a material interest in the Transactions and therefore have abstained from voting on the relevant board resolutions of the Company) recommend all Independent Shareholders to vote in favour of the relevant resolution in relation thereof to be proposed at the General Meeting.

Your attention is drawn to: (a) the letter of recommendation from the Independent Board Committee containing its recommendation to the Independent Shareholders, the text of which is set out on page 14 of this Circular; and (b) the letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 25 of this Circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Circular.

Shareholders and potential investors of the Company should be aware that the Transactions are subject to certain conditions being satisfied, therefore the Transactions may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Your faithfully,
For and on behalf of the Board of
Yuexiu Property Company Limited
Lin Zhaoyuan
Chairman and executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



24 November 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION IN RELATION TO BANK DEPOSITS

I refer to the circular issued by the Company to its shareholders dated 24 November 2022 (the “**Circular**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

I have been appointed by the Board to advise the Independent Shareholders in respect of the terms of the Transactions, details of which are set out in the letter from the Board contained in the Circular. Maxa Capital has been appointed to advise the Independent Shareholders and us in this regard. Details of the Independent Financial Adviser’s advice and the principal factors and reasons they have taken into consideration in giving such advice are set out on pages 15 to 25 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Transactions, the advice of the Independent Financial Adviser and the principal factors and reasons taken into consideration by the Independent Financial Adviser, I am of the opinion that (i) the 2023 Bank Deposits Agreement has been entered into on normal commercial terms and in the ordinary and usual course of the Group’s business; (ii) the terms of the 2023 Bank Deposits Agreement are fair and reasonable; and (iii) the Transactions (together with the New Annual Caps) are in the interests of the Company and its Shareholders as a whole. I, therefore, recommend that you vote in favour of the resolution to be proposed at the General Meeting to approve the Transactions.

Yours faithfully,
Independent Board Committee of
Yuexiu Property Company Limited
LAU Hon Chuen Ambrose
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Maxa Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

24 November 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO BANK DEPOSITS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular dated 24 November 2022 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the 2019 Announcement and the 2019 Circular regarding the renewals of the continuing connected transactions of the Company in relation to the Bank Deposits with the CHB Group. The Company entered into the 2020 Bank Deposits Agreement with CHB on 23 September 2019, the term of which will expire on 31 December 2022. On 3 November 2022, the Company entered into the 2023 Bank Deposits Agreement for a term of three years for the purpose of, among others, renewing the term of the 2020 Bank Deposits Agreement.

As CHB is a subsidiary of YXE, the controlling Shareholder, CHB is a connected person of the Company. The Bank Deposits maintained by the Group with the CHB Group therefore constitute continuing connected transactions of the Company. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the New Annual Caps under the 2023 Bank Deposits Agreement exceeds 5%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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YXE and its associates, and each of Mr. Li Feng, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph, being Directors who are also Shareholders and who have a material interest in the Transactions, will abstain from voting at the General Meeting in respect of the proposed resolutions to approve the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), therefore no other Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

Pursuant to Rule 13.39(6)(c) of the Listing Rules, the independent board committee shall not consist of any independent non-executive Directors who have a material interest in the relevant transaction or arrangement. As Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph are regarded as having a material interest in the Transactions, an independent board committee only comprising Mr. Lau Hon Chuen Ambrose has been established to advise the Independent Shareholders in connection with the 2023 Bank Deposits Agreement and the transactions contemplated thereunder. We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from the Company in accordance with Rule 13.84 of the Listing Rules and, accordingly, are considered eligible to give independent advice on the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps). Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company. Save for this appointment as the Independent Financial Adviser in respect of the 2023 Bank Deposits Agreement, we were appointed as the independent financial adviser in the last two years in relation to (i) the acquisition of 90% equity interest in Guangzhou Yuejing Property Development Co. Ltd.; (ii) the acquisition of 98% equity interest in Guangzhou Bai Cheng Investment Development Co. Ltd.; (iii) the acquisition of a 49% interest in a new metro property project; (iv) the continuing connected transaction in relation to the master lease agreement; and (v) the continuing connected transaction in relation to property management and value-added services, details of which were set out in the announcements of the Company dated 31 May 2021, 3 November 2022 and 23 November 2022 and the circulars of the Company dated 11 August 2021 and 22 April 2022, respectively. The aforesaid previous appointments were limited to providing one-off independent advisory service, for which Maxa Capital received normal professional fees. Accordingly, we do not consider such previous appointments give rise to any conflict of interest for Maxa Capital in acting as the Independent Financial Adviser in respect of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps).

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BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the 2020 Bank Deposits Agreement and the 2023 Bank Deposits Agreement; (ii) the annual reports of the Company and CHB for the two years ended 31 December 2021; (iii) the interim report of the Company and CHB for the six months ended 30 June 2022; (iv) monitoring summary sheets of highest daily outstanding balance of the Bank Deposits for three years ended 31 December 2021 and nine months ended 30 September 2022 and the Company's 2022 interim continuing connected transactions report on Bank Deposits; and (v) quotations for the deposit services provided by the CHB Group and independent banks to the Company in 2022. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date of this letter. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. Our opinion is based on the Directors' representation and confirmation that no material facts have been omitted from the information provided and referred to in the Circular.

The Company confirmed that they have, at our request, provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in the Circular nor do we doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, conducted any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into the business and affairs of the Company, CHB and each of their respective subsidiaries or associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the 2023 Bank Deposits Agreement

1.1 Information on the Group

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.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	38,339,112	46,234,259	57,378,861	24,236,131	31,292,681
Profit attributable to equity holders of the Company	3,483,351	4,247,860	3,588,929	2,300,418	1,707,123
	As at 31 December			As at 30 June	
	2019	2020	2021	2022	
	(audited)	(audited)	(audited)	(unaudited)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Total assets	234,697,255	263,196,000	313,854,885	320,949,551	
Total liabilities	179,505,439	198,919,885	239,488,136	244,692,622	
Total equity	55,191,816	64,276,115	74,366,749	76,256,929	

As illustrated in the table above, for the year ended 31 December 2021 (“FY2021”), the Group recorded a revenue of approximately RMB57,378.9 million, representing an increase of approximately 24.1% as compared to that for the year ended 31 December 2020 (“FY2020”). For FY2020, the Group’s revenue amounted to approximately RMB46,234.3 million, representing an increase of approximately 20.6% as compared to that for the year ended 31 December 2019 (“FY2019”). The Group’s profit attributable to the equity holders for FY2021 amounted approximately RMB3,588.9 million, representing a decrease of approximately 15.5% in comparison with that for FY2020. The profit attributable to the equity holders of the Company recorded as approximately RMB4,247.9 million in FY2020, representing an increase of approximately 21.9% as compared to that for FY2019. For six months ended 30 June 2022, the Group recorded growth in revenue for the period of approximately

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29.1% as compared to that as 30 June 2021. The Group's profit attributable to the equity holders for six months ended 30 June 2022 decreased by 25.8%, which was mainly due to the net foreign exchange losses arising from fluctuations in RMB exchange rates and the net fair value losses on revaluation of investment properties.

The Group's total assets and total equity as at 31 December 2021 increased by approximately 19.2% and approximately 15.7% respectively as compared to that as at 31 December 2020. The Group's total assets and total equity as at 31 December 2020 increased approximately 12.1% and approximately 16.5% as compared to that as at 31 December 2019. As at 30 June 2022, the Group's total assets and total equity increased by approximately 2.3% and 2.5% as compared to that as 31 December 2021.

1.2 Information on CHB

CHB is incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of YXE. CHB is an authorized institution supervised by the Hong Kong Monetary Authority under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong). The CHB Group is principally engaged in provision of banking and related financial services.

Set out below is the financial information of CHB Group for the years ended 31 December 2020 and 2021 and the six months ended 30 June 2021 and 2022 prepared in accordance with Hong Kong Financial Reporting Standards and extracted from CHB's 2021 Annual Report and CHB's 2022 Interim Report:

	For the year ended		For the six months ended	
	31 December		30 June	
	2020	2021	2021	2022
	(audited)	(audited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	5,565,742	5,407,975	2,646,428	2,871,645
Net interest income	2,926,552	3,285,723	1,603,068	1,704,642
Net Profit	1,479,978	1,504,791	951,226	763,387
			As at 31 December	As at 30 June
			2020	2021
			(audited)	(audited)
			<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
				<i>HK\$'000</i>
Total assets		232,899,647	255,247,558	267,558,902
Total liabilities		204,965,187	220,651,791	231,376,573
Total equity		27,934,460	34,595,767	36,182,329

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As illustrated in the above table, CHB Group recorded total interest income and net profit of approximately HK\$5.4 billion and HK\$1.5 billion for FY2021, representing a decrease of approximately 2.8% and an increase of 1.7% respectively as compared to FY2020, which was mainly due to the increase in net interest income and net fee and commission income. For the six months ended 30 June 2022, CHB Group's revenue increased by approximately 8.5% comparing with the corresponding financial period last year to approximately HK\$2.9 billion. Net profit of CHB Group for the six months ended 30 June 2022 amounted approximately HK\$0.8 billion, declined by approximately 19.7% comparing with the corresponding financial period last year. Such decline was mainly attributable to the increased net impairment losses on financial assets.

As at 31 December 2021, the total equity of CHB Group expanded by approximately 23.8% to approximately HK\$34.6 billion from HK\$27.9 billion as at 31 December 2020, which was primarily attributed by the increase of cash and short-term funds and advances and other accounts. As at 30 June 2022, CHB Group's total equity increased by approximately 4.6% comparing with that as at 31 December 2021.

We have reviewed the credit ratings of CHB and noted CHB was assigned a long-term deposit rating of Baa1 with a stable outlook from Moody's in September 2021 and a long-term issuer default rating of BBB with a stable outlook from FitchRatings in June 2022. We have also reviewed the recent credit ratings of three independent banks which also provided quotations for the deposit services to the Company during the six months ended 30 June 2022, further details of which are set out in the section headed "4. Internal Control Procedures" below. We noted that the long-term deposit ratings of such independent banks from Moody's ranged from Baa2 to Aa3 and the long-term issuer default rating of such independent banks from FitchRatings ranged from BBB to A, and the credit ratings of CHB are within the range of the credit ratings of such independent banks. Accordingly, we consider that CHB's credit risks are not less controllable as compared to that to other financial entities.

1.3 Reasons for and benefits of the 2023 Bank Deposits Agreement

As stated in the Letter from the Board, the reasons for and possible benefits of the 2023 Bank Deposits Agreement are as follows:

The Group is principally engaged in property development and investment. The Group has to maintain deposits with banks, primarily in Hong Kong and Mainland China, from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

CHB, as a reputable and long-established authorized institution in Hong Kong, is able to provide different banking and related financial services in support of the Group's business and treasury activities. The Company believes that it would be in the interest of the Group to engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's internal control procedures and the applicable annual caps. For the reasons discussed in the sub-section headed "New Annual Caps" under the section headed "Continuing Connected Transactions in relation to Bank Deposits" in the Letter from the Board, the Company considers that the New Annual Caps have been reasonably determined taking into account the business development of the Group.

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On the basis of the aforesaid reasons for and possible benefits of the 2023 Bank Deposits Agreement as represented by Directors and considered that (i) maintaining the Company's highest daily deposit balance with CHB Group is in line with the Company's business needs in the ordinary and usual course of business; (ii) the credit risks of CHB are not less controllable as compared to that to other financial entities concluded in the section headed "1.2 Information on CHB"; and (iii) the 2023 Bank Deposits Agreement will be on a non-exclusive basis and the New Annual Caps provide the Group the right but not the obligation to utilise the deposit services under such agreement, we are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the deposit services under the 2023 Bank Deposits Agreement

Pursuant to the 2023 Bank Deposits Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group on normal commercial terms from time to time during the term of the 2023 Bank Deposits Agreement, and the placing and maintenance of any such Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers of similar size to the Group from time to time.

Duration

Subject to the approval by the Independent Shareholders at the General Meeting, the term of the 2023 Bank Deposits Agreement shall commence on 1 January 2023 and shall continue up to and including 31 December 2025. Subject to compliance with the Listing Rules, the 2023 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

Conditions Precedent

The 2023 Bank Deposits Agreement is conditional upon the approval by the Independent Shareholders of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the New Annual Caps) at the General Meeting. If the condition is not fulfilled on or before the 31 December 2022 (or such later date as agreed between the Company and CHB), the 2023 Bank Deposits Agreement shall terminate with immediate effect without liability on either party.

Pricing Policy

The 2023 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (1) in the case of deposits in Hong Kong, interest rates and other terms offered to the Group by or obtained by the Group from at least two other independent banks in Hong Kong; and (2) in the case of deposits in Mainland China, interest rates for deposits in Mainland China set with reference to the standard interest rates published by the PBOC and interest rates and other terms offered to the Group by or obtained by the Group from at least two other independent banks in Mainland China.

Standard Documentation, in such form acceptable to the CHB Group and the Group, may be executed in order to give effect to, or facilitate the Transactions.

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In assessing the fairness and reasonableness of the terms in the 2023 Bank Deposits Agreement, we have obtained and reviewed both of the 2020 Bank Deposits Agreement and the 2023 Bank Deposits Agreement and noted that the major terms, save for the relevant annual caps, in relation the deposit services in the 2023 Bank Deposits Agreement are similar with those in the 2020 Bank Deposits Agreement which was approved by the independent shareholders in the general meeting of the Company held on 22 October 2019.

In respect of the pricing policy, we have obtained and reviewed Company's 2022 interim continuing connected transactions report on Bank Deposits and three sets of quotations for deposit services provided by CHB Group and other independent banks to the Group from January 2022 to June 2022 and compared such interests rates for the same type of deposit for the same period provided by 2 independent banks to the Group for each deposit service, and noted that the pricing policies set in the 2020 Bank Deposits Agreement, which are generally the same as those set in the 2023 Bank Deposits Agreement, have been complied with strictly. Please refer to the section headed "4. Internal Control Procedures" below for further details in this regard. In other words, the interest rates for the deposit services offered by CHB Group will be on terms no less favorable to the Group than those available from independent banks, which we consider fair and reasonable.

3. New Annual Caps

3.1 Historical Transaction Amounts

The Annual Caps in respect of the Bank Deposits under the 2020 Bank Deposits Agreement for the years ended 31 December 2020, 2021 and 2022 were RMB8,500 million, RMB10,000 million and RMB 12,000 million, respectively. The highest outstanding balance of Bank Deposits actually placed by the Group with CHB Group on any given day during each of the years ended 31 December 2020 and 31 December 2021 and the period of nine months ended 30 September 2022 were as follows:

	For the year ended 31 December 2020 (approximately)	For the year ended 31 December 2021 (approximately)	For the nine months ended 30 September 2022 (approximately)
<i>Highest daily outstanding balance of the Bank Deposits on any given day during the year/period</i>	RMB 6,108,000,000	RMB 9,602,000,000	RMB 8,447,000,000

The Board further confirmed that, as at the Latest Practicable Date, the highest outstanding balance of Bank Deposits under the 2020 Bank Deposits Agreement for the year ending 31 December 2022 has not been exceeded.

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3.2 *New Annual Caps*

3.2.1 *Basis of determining the New Annual Caps*

As the scale of the Group's business and operation continues to grow, it is expected that its total assets would increase correspondingly and the level of cash and cash equivalents as well as Charged Deposits (collectively, "**Cash Holdings**") held or maintained by it from time to time may also increase. By way of illustration, the total assets of the Group grew from approximately RMB263.20 billion as at 31 December 2020 to approximately RMB313.85 billion as at 31 December 2021 and further to approximately RMB320.95 billion as at 30 June 2022; and the level of its Cash Holdings grew from approximately RMB37.30 billion (comprising cash and cash equivalents of approximately RMB28.21 billion and Charged Deposits of approximately RMB9.09 billion) as at 31 December 2020 to approximately RMB40.50 billion (comprising cash and cash equivalents of approximately RMB32.77 billion and Charged Deposits of approximately RMB7.73 billion) as at 31 December 2021, and approximately RMB39.06 billion (comprising cash and cash equivalents of approximately RMB26.07 billion and Charged Deposits of approximately RMB12.99 billion) at 30 June 2022.

A higher Annual Cap would also allow the Group to benefit more from a healthy competition amongst the CHB Group and the other banks. By way of illustration, the amounts of bank deposits required to be made by the Group would be particularly high when the Group receives proceeds from a major fund raising exercise (e.g. bond issue and issue of Shares) and when the Group is engaged in a significant acquisition or disposal. For example, the Group received gross proceeds of approximately HK\$2,016 million, equivalent to approximately RMB1,677 million and net proceeds (after deduction of the capitalised listing expenses) of approximately HK\$1,961 million, equivalent to approximately RMB1,632 million from the spin-off and initial public offering of Yuexiu Services Group Limited (Stock Code: 6626) (whose financial results (including assets such as Cash Holdings) remain consolidated into those of the Company post-listing and as at the Latest Practicable Date). In 2020, the Group received RMB1.50 billion from the issuance of onshore corporate bonds of. In 2021, the Group received USD800 million and RMB6 billion from the issuance of offshore USD bonds and onshore RMB corporate bonds respectively. The Group would not be in a position to invite the CHB Group to provide quotations and compete with the other banks for this type of sizable deposits if the relevant Annual Cap does not allow enough room for the Group to do so.

Having considered the above, the Company proposes to set the Annual Caps at RMB13,000,000,000, RMB14,500,000,000 and RMB16,000,000,000 for the years ending 31 December 2023, 2024 and 2025, respectively. The Company considers that the level of increments in such New Annual Caps are reasonable taking into account the business development of the Group.

3.2.2 *Assessment on the New Annual Caps*

In assessing the fairness and reasonableness of the New Annual Caps, we have reviewed the historical transaction amounts, the existing Annual Caps and the New Annual Caps. We noted (i) the proposed Annual Cap for the year ending 31 December 2023 represents an increase of approximately 8.3% as compared with the annual cap for the year ending 31 December 2022 under the 2020 Bank Deposits Agreement, which was approved by the independent shareholders at the general meeting of the Company held on 22 October 2019; (ii) the highest historical utilisation rate of the Annual Cap

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reached 96.0% during the validity period of the 2020 Bank Deposits Agreement, which is in FY 2021; and (iii) the Annual Caps for the year ending 31 December 2024 and 2025 represent an increase of approximately 11.5% and 10.3% respectively as compared to the proposed Annual Caps for previous financial year.

We have also reviewed the financial information of the Company as set out in the section headed “1.1 Information on the Group” and noted that (i) the business scale of the Group expanded in FY2021 as the revenue increased 24.1% from approximately RMB46.2 billion to approximately RMB57.4 billion; and (ii) for six months ended 30 June 2022, the Group recorded growth in revenue of approximately 29.1% as compared to the same period of 2021. With the further expansion of the Group’s business scale, considering the historical growth rate in the Group’s scale of business and operation, we concur with the Board that the level of Cash Holdings held or maintained by the Group is expected to increase stably. We also noted that the New Annual Caps for the year ending 31 December 2023, 2024 and 2025 represent approximately 33.3%, 37.1% and 41.0% of the Cash Holdings held or maintained by the Group of approximately RMB39.06 billion as at 30 June 2022, respectively.

In addition, we have also reviewed the 2022 Interim Report of CHB and noted the highest of the New Annual Caps, being RMB16 billion for the year ending 31 December 2025, represents less than 10% of the deposits from customers of CHB Group of approximately HK\$205.1 billion as at 30 June 2022, which we consider favourable to ensure the safety of the deposits placed by the Company with the CHB Group.

Based on the above and given the 2023 Bank Deposits Agreement will be on a non-exclusive basis and the New Annual Caps provide the Group the right but not the obligation to utilise the deposit services under such agreement, we consider the New Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Internal Control Procedures

The Company has adopted certain internal control procedures in relation to its utilisation of CHB Group’s services, details of which are included in section headed “INTERNAL CONTROL PROCEDURES” in the Letter form the Board. We have obtained and reviewed the Company’s monitoring summary sheets of daily outstanding balance of the Bank Deposits for two years ended 31 December 2021 and nine months ended 30 September 2022 and the Company’s 2022 interim continuing connected transactions report on Bank Deposits. We noted the existing Annual Caps were not exceeded during the relevant period and the relevant pricing policies have been followed.

We have also obtained and reviewed all of the three sets of quotations for the deposit services provided by CHB Group and independent banks to the Company during the six months ended 30 June 2022, which were provided by the Company as per our request. We have compared the interest rates offered by CHB and 2 independent banks provided to the Company for each deposit services and noted that the interest rates of all such deposit services provided by the CHB Group to the Company are not less favourable than the interest rates provided by such independent banks for the same period.

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Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We have reviewed the annual reports of the Company for FY2020 and FY2021 and noted that the independent non-executive Directors and the auditor of the Company have reviewed the non-exempt continuing connected transactions, including the 2020 Bank Deposits Agreement, during such years and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis.

Based on the above, we concur with the Directors' view that the Group has effective internal policies in place to continue to monitor the Transactions and New Annual Caps, and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the 2023 Bank Deposits Agreement have been entered into on normal commercial terms and in the ordinary and usual course of the Group's business; (ii) the terms of the 2023 Bank Deposits Agreement are fair and reasonable; and (iii) the Transactions (together with the New Annual Caps) are in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting in respect of the 2023 Bank Deposits Agreement and the Transactions (including the New Annual Caps).

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 14 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This Circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular 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 Circular misleading.

2. DISCLOSURE OF INTERESTS**Interest of Directors/chief executive of the Company**

As at the Latest Practicable Date, save as disclosed below, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) as 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 positions which such Director(s) and chief executive were deemed or taken to have under such provisions of the SFO), (ii) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or (iii) as required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

Long positions in the Shares and underlying Shares

Name of Director	Capacity in which interests are held	Number of Shares	% of the issued share capital of the Company as at the Latest Practicable Date
Lin Zhaoyuan (<i>Note 1</i>)	Beneficial Owner/ Beneficiary of a trust	2,307,560	0.07%
Lin Feng (<i>Note 2</i>)	Beneficial Owner/ Beneficiary of a trust/Spouse interest	1,605,559	0.05%
Li Feng	Beneficial Owner	34,580	0.001%
Liu Yan	Beneficial Owner	3,400	0.00011%
Yu Lup Fat Joseph	Beneficial Owner	800,000	0.026%
Lee Ka Lun	Beneficial Owner	660,000	0.021%
Lau Hon Chuen Ambrose	Beneficial Owner	968,240	0.031%

Note 1: Mr Lin Zhaoyuan is interested in 2,307,560 Shares, out of which 1,083,522 Shares are owned by him as beneficial owner, 1,224,038 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

Note 2: Mr Lin Feng is interested in 1,605,559 Shares, out of which 377,454 Shares are owned by him as beneficial owner, 1,208,105 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 20,000 Shares are held by his spouse.

Long positions in the shares and underlying shares of associated corporations

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares in associated corporation	% of the total number of issued shares of associated corporation as at the Latest Practicable Date
				Date
Lin Zhaoyuan	Yuexiu Transport Infrastructure Limited	Beneficial Owner	120	0.00001%
Liu Yan	Yuexiu Transport Infrastructure Limited	Beneficial Owner	485	0.00003%
Lau Hon Chuen Ambrose	Yuexiu Transport Infrastructure Limited	Beneficial Owner	195,720	0.012%

As at the Latest Practicable Date: (i) Mr. Lin Zhaoyuan is a director of GZYG, YXE and Bosworth International Limited (“**Bosworth**”); (ii) Mr. Li Feng is a director of Bosworth, the chief capital officer of GZYG and YXE; (iii) Ms. Chen Jing is the chief financial officer and general manager of the finance department of GZYG and YXE; (iv) Mr. Zhang Yibing, is a deputy general manager of Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司) (“**GZ Metro**”). GZYG, YXE, Bosworth and GZ Metro are entities who had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Save as the aforementioned, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group nor were there any other service contracts proposed, which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Interests in contracts

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any competing interests as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up to, up to and including the Latest Practicable Date.

7. EXPERT'S QUALIFICATIONS AND CONSENT

The following are the qualifications of the expert who has given its opinion or advice which is included in this Circular:

Name	Qualification
Maxa Capital	a licensed corporation permitted to carry out Type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Maxa Capital did not have any shareholding, in any member of the Group, nor did it have 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 interest 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 2021, being the date to which the latest published audited financial statements of the Group were made up.

Maxa Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter in the form and context in which it appears.

8. DOCUMENT ON DISPLAY

The 2023 Bank Deposits Agreement is available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.yuexiuproperty.com>) for a period of 14 days from the date of this Circular.

NOTICE OF GENERAL MEETING



NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “**Meeting**”) of Yuexiu Property Company Limited (the “**Company**”) will be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 December 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution. Words and expressions that are not expressly defined in this notice of general meeting shall bear the same meaning as that defined in the shareholder circular to the shareholders of the Company dated 24 November 2022 (the “**Circular**”).

ORDINARY RESOLUTION

“**THAT:**

- (a) the 2023 Bank Deposits Agreement and the consummation of transactions contemplated thereunder (including the New Annual Caps) as more particularly described in the Circular and on the terms and conditions set out in the 2023 Bank Deposits Agreement be hereby approved, ratified and confirmed; and
- (b) any one Director be and is hereby authorised, for and on behalf of the Company, to complete and do all such acts or things (including signing and executing all such documents, instruments and agreements as may be required, including under seal where applicable) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the 2023 Bank Deposits Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

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

Hong Kong, 24 November 2022

NOTICE OF GENERAL MEETING

Registered Office:

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

Notes:

- (1) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (3) In order to be valid, the completed proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof (as the case may be).
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the share(s) shall be accepted to the exclusion of the votes of the other joint registered holders.
- (6) The register of members of the Company will be closed from Friday, 9 December 2022 to Tuesday, 13 December 2022, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the general meeting of the Company to be held on Tuesday, 13 December 2022, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than Thursday, 8 December 2022.
- (7) In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the Meeting, the Company will implement certain precautionary measures at the Meeting. For further details, please refer to the circular of the Company dated 24 November 2022.

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

Executive Directors:

LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan

Non-Executive Directors:

ZHANG Yibing

Independent Non-executive Directors:

YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose