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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

CONTINUING CONNECTED TRANSACTION —

(1) 2023 GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT;

AND

PROPOSED CONTINUING CONNECTED TRANSACTION —

(2) 2022 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

(1) 2023 GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 23 November 2020 in relation to the GZ Metro Property Management and Related Services Framework Agreement.

As the GZ Metro Property Management and Related Services Framework Agreement is due to expire on 31 December 2022, on 22 November 2022, Yuexiu Services (an indirect non wholly-owned subsidiary of the Company) entered into the 2023 GZ Metro Property Management and Related Services Framework Agreement with GZ Metro, pursuant to which the YXS Group may provide, and GZ Metro and its associates may procure, the GZ Metro Property Management and Related Services for a term of three years commencing from 1 January 2023.

(2) 2022 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

On 22 November 2022, Yuexiu Services (an indirect non wholly-owned subsidiary of the Company) entered into the 2022 Property Management and Value-Added Services Framework Agreement with GZMX and the Company, pursuant to which the YXS Group may provide, and GZMX, the Company and their respective associates may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement and ending on 31 December 2024.

LISTING RULES IMPLICATION

As at the date of this announcement, (i) GZ Metro is a substantial Shareholder and therefore, each of GZ Metro and GZM & YXP JVs is a connected person of the Company under the Listing Rules; and (ii) GZYZ is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for each of the proposed annual caps (i) under the 2023 GZ Metro Property Management and Related Services Framework Agreement; (ii) of GZM & YXP JVs under the 2022 Property Management and Value-Added Services Framework Agreement; and (iii) of GZYZ and its associates under the 2022 Property Management and Value-Added Services Framework Agreement exceeds 0.1% but is below 5%, the transactions contemplated under each of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement are subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) 2023 GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 23 November 2020 in relation to the GZ Metro Property Management and Related Services Framework Agreement.

As the GZ Metro Property Management and Related Services Framework Agreement is due to expire on 31 December 2022, on 22 November 2022, Yuexiu Services (an indirect non wholly-owned subsidiary of the Company) entered into the 2023 GZ Metro Property Management and Related Services Framework Agreement with GZ Metro, pursuant to which the YXS Group may provide, and GZ Metro and its associates may procure, the GZ Metro Property Management and Related Services for a term of three years commencing from 1 January 2023.

Principal Terms

The principal terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement are as follows:

Date: 22 November 2022

Parties: (a) Yuexiu Services, an indirect non wholly-owned subsidiary of the Company (as service provider); and
(b) GZ Metro (as service user).

Conditions precedent:	<p>The 2023 GZ Metro Property Management and Related Services Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers for the entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).</p> <p>As at the date of this announcement, all conditions precedent have been fulfilled.</p>
Term:	<p>The term of the 2023 GZ Metro Property Management and Related Services Framework Agreement shall commence on 1 January 2023 or such later date on which all conditions precedent are fulfilled and shall continue up to and including 31 December 2025.</p> <p>Subject to compliance with the Listing Rules, the 2023 GZ Metro Property Management and Related Services Framework Agreement may be renewed by Yuexiu Services and GZ Metro by agreement in writing.</p>
Service scope:	<p>The services to be provided by the YXS Group include: property management, greening, sanitary, ticketing and other value-added services for train stations, train depots, parking lots and other commercial properties owned, operated and used by GZ Metro and its associates (the “GZ Metro Property Management and Related Services”).</p> <p>The parties shall enter into a separate agreement for detailed service scope, fees and payment terms subject to the needs of the various projects of GZ Metro or its associates as and when necessary.</p>
Pricing policy:	<p>The service fees that the YXS Group will charge for the GZ Metro Property Management and Related Services shall be determined on arm’s length basis with reference to (i) the location, type, quality and size of the properties; (ii) the scope and standard of services to be rendered; (iii) the anticipated operational cost (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) where applicable, the outcome of tendering processes; (v) the local government’s pricing guidance/regulations on property management fees in the PRC; and (vi) the rate generally offered by the YXS Group to its Independent Third Parties in respect of similar services.</p>

Payment terms: Payment terms shall be determined by the parties with reference to those offered by the YXS Group to its Independent Third Parties in respect of similar services. Unless otherwise agreed by the parties on arm's length basis in the separate agreement of the specific GZ Metro Property Management and Related Services, service fees shall be paid on a monthly or quarterly basis.

Historical Transaction Amounts

The table below sets out the total amounts of service fees paid by GZ Metro and its associates to the YXS Group for the GZ Metro Property Management and Related Services for the year/period indicated:

	Year ended 31 December		Six months
	2020	2021	ended 30 June
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amounts	22,500 ^{Note}	207,690	119,007

Note: After the YXS Group's acquisition of GZMEE and GZMPM in November 2020, the YXS Group recorded a revenue of approximately RMB18.7 million from the provision of services under the GZ Metro Property Management and Related Services Framework Agreement.

Annual Caps

The table below sets out the maximum annual service fees payable to the YXS Group under the 2023 GZ Metro Property Management and Related Services Framework Agreement for the three years ending 31 December 2025:

	Year ending 31 December		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual caps	335,219	420,547	504,657

The annual caps under the 2023 GZ Metro Property Management and Related Services Framework Agreement were determined with reference to (i) the growth in historical transaction amount after the YXS Group's acquisition of GZMEE and GZMPM; (ii) the related service agreements already entered into as of the date of this announcement; (iii) the unaudited related service fees generated from the GZ Metro Property Management and Related Services

for the six months ended 30 June 2022; and (iv) the expected growth in business volume of GZ Metro and its associates taking into account of the government's planning of transportation network in the Guangzhou city and the Greater Bay Area for the three years ending 31 December 2025.

Reasons for and Benefits of Entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement

Since the YXS Group's acquisitions of GZMEE and GZMPM from GZ Metro in November 2020, it has tapped into the business of providing metro related property management service and gradually developed its unique transit-oriented development (“TOD”) property management model. Leveraging on the YXS Group's previous cooperation experience with GZ Metro, the Directors believe that the entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the annual caps thereunder will enable the YXS Group to exploit the business potential of GZ Metro, further scale up its TOD property management business and consolidate its capability in metro engineering maintenance and metro property management and operation, which will in turn improve the financial performance of the Group.

GZ Metro, as a wholly state-owned company under the Guangzhou Municipal People's Government of the PRC, is fully committed to expanding and improving the transportation construction and network in the Greater Bay Area in view of the strategic deployment of the Guangzhou Municipal People's Government. According to the “Guangzhou Urban Rail Transit Network Planning Plan (《廣州市城市軌道交通線網規劃方案》)” (2018-2035) publicized by the Guangzhou Municipal Planning and Natural Resources Bureau in August 2022, Guangzhou city has planned a total of 53 rail transit lines, including five high-speed railways, 11 express subways, 37 general-speed subways, covering 2,029 kilometers in the city. According to “The National Development and Reform Commission's plan for the construction of intercity railways in the Greater Bay Area” (《粵港澳大灣區城際鐵路建設規劃》) approved by the National Development and Reform Commission in July 2020, 13 intercity railways and 5 hub engineering projects are planned to be constructed in the Greater Bay Area in the near future, with a total mileage of about 775 kilometers.

In light of the above, the Directors (other than the Director who has abstained from voting on the relevant Board resolutions of the Company) are of the view that the terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the annual caps thereunder are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.

(2) 2022 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

Reference is made to the prospectus of Yuexiu Services (an indirect non wholly-owned subsidiary of the Company) dated 16 June 2022 in relation to (i) the Property Management Services Framework Agreement; (ii) the Commercial Operation and Management Services Framework Agreement; (iii) the Value-Added Services Framework Agreement; and (iv) the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement. Since the listing of shares of Yuexiu Services on the Main Board of the Stock Exchange, the YXS Group has been providing property management and value-added services to the non-commercial properties and commercial properties of GZYZ, the Company and their respective associates under the aforesaid framework agreements.

While the aforesaid framework agreements will expire on 31 December 2023, based on the business volume, service quality and capacity of the YXS Group and the business needs, growth and operation development of GZYZ, the Company and their respective associates, the directors of Yuexiu Services envisage that the existing annual caps for the transactions contemplated under the aforesaid framework agreements will no longer be sufficient to support its business need. Accordingly, on 22 November 2022, Yuexiu Services entered into the 2022 Property Management and Value-Added Services Framework Agreement with GZYZ and the Company, pursuant to which the YXS Group may provide, and GZYZ, the Company and their respective associates (including GZM & YXP JVs) may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement and ending on 31 December 2024.

Principal Terms

The principal terms of the 2022 Property Management and Value-Added Services Framework Agreement are as follows:

- Date: 22 November 2022
- Parties: (a) Yuexiu Services (as service provider);
(b) GZYZ (as service user); and
(c) the Company (as service user).

Conditions precedent: The 2022 Property Management and Value-Added Services Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers for the entering into of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including but not limited to the approval by the Independent YXS Shareholders of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the Yuexiu Services General Meeting.

If the conditions precedent are not fulfilled on or before 31 March 2023 or such other date as Yuexiu Services, GZYX and the Company may agree in writing, the 2022 Property Management and Value-Added Services Framework Agreement shall terminate with immediate effect without liability on any party.

Term: The term of the 2022 Property Management and Value-Added Services Framework Agreement shall commence on the date on which all conditions precedent are fulfilled and shall continue up to and including 31 December 2024.

Subject to compliance with the Listing Rules, the 2022 Property Management and Value-Added Services Framework Agreement may be renewed by Yuexiu Services, GZYX and the Company by agreement in writing.

The 2022 Property Management and Value-Added Services Framework Agreement will supersede the Property Management Services Framework Agreement, the Commercial Operation and Management Services Framework Agreement, the Value-Added Services Framework Agreement and the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement from its effective date, being the date on which all conditions precedent are fulfilled.

Service scope: The YXS Group may provide property management services and value-added services (the “**Property Management and Value-Added Services**”) to properties owned, operated or used by GZYYX, the Company and their respective associates which include (i) property management services on non-commercial properties (the “**Property Management Services**”) (ii) commercial operation and management services on commercial properties, including but not limited to commercial property management services and carpark space management and operation services (the “**Commercial Operation and Management Services**”); (iii) value-added services including but not limited to non-property owner value-added services and community value-added services (the “**Value-added Services**”); and (iv) market positioning consultancy and tenant sourcing services on commercial properties, including but not limited to market research and positioning services, tenant sourcing, tenant management and rent collection services (the “**Market Positioning Consultancy and Tenant Sourcing Services**”).

The parties shall enter into a separate agreement for detailed service scope, fees and payment terms subject to the needs of various projects of GZYYX, the Company or their respective associates as and when necessary.

Pricing policy: The service fees that the YXS Group will charge for the Property Management and Value-Added Services shall be determined after arm’s length negotiations and in good faith between the parties with reference to (i) the location, type, quality and size of the properties; (ii) the scope and standard of the services to be provided; (iii) the anticipated operational cost (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) the local government’s pricing guidance/regulations on fees in the PRC; (v) the rate generally offered by the YXS Group to its Independent Third Parties in respect of similar services; and (vi) the prevailing market rate generally offered by independent service providers in respect of similar services.

Payment terms: Payment terms shall be determined by the parties with reference to those offered by the YXS Group to its Independent Third Parties in respect of similar services. Unless otherwise agreed by the parties after arm’s length negotiation in the separate agreement of the specific Property Management and Value-Added Services, service fees shall be paid on a monthly or quarterly basis.

Historical Transaction Amounts

The table below sets out the total amounts of service fees paid to the YXS Group by GZYG, the Company and their respective associates for the Property Management and Value-Added Services for the year/period indicated:

		Year ended 31 December		Six months ended 30
		2020	2021	June 2022
		(audited)	(audited)	(unaudited)
		(RMB'000)	(RMB'000)	(RMB'000)
by GZYG and its associates	Property Management Services	48	146	10
	Commercial Operation and Management Services	2,331	9,956	5,591
	Value-added Services	4,927	2,448	5,170
	Market Positioning Consultancy and Tenant Sourcing Services	—	212	—
	Subtotal	7,306	12,762	10,771
by GZM & YXP JVs	Property Management Services	—	2	6
	Commercial Operation and Management Services	602	2,022	1,246
	Value-added Services	10,768	12,959	18,354
	Market Positioning Consultancy and Tenant Sourcing Services	—	—	—
	Subtotal	11,370	14,983	19,606
by the Company and its associates (excluding GZM & YXP JVs)	Property Management Services	10,107	11,246	7,596
	Commercial Operation and Management Services	9,362	23,717	13,963
	Value-added Services	334,587	422,108	242,226
	Market Positioning Consultancy and Tenant Sourcing Services	53,438	110,326	74,166
	Subtotal	407,494	567,397	337,951
Total	426,170	595,142	368,328	

Note: Certain amounts are subject to rounding adjustments.

Annual Caps

The table below sets out the maximum annual service fees payable to the YXS Group under the 2022 Property Management and Value-Added Services Framework Agreement for the three years ending 31 December 2024:

		Year ending 31 December		
		2022	2023	2024
		(RMB'000)	(RMB'000)	(RMB'000)
by GZYX and its associates	Property Management Services	3,535	36,229	43,357
	Commercial Operation and Management Services	17,004	87,867	92,009
	Value-added Services	17,542	24,854	33,766
	Market Positioning, Consultancy and Tenant Sourcing Services	20,176	22,318	24,134
	Subtotal	58,257	171,268	193,266
by GZM & YXP JVs	Property Management Services	43	294	362
	Commercial Operation and Management Services	3,000	3,630	4,175
	Value-added Services	58,564	92,183	131,855
	Market Positioning, Consultancy and Tenant Sourcing Services	—	—	—
	Subtotal	61,607	96,107	136,392
by the Company and its associates (excluding GZM & YXP JVs)	Property Management Services	15,922	23,558	35,701
	Commercial Operation and Management Services	42,116	103,874	117,739
	Value-added Services	554,234	884,907	1,197,887
	Market Positioning, Consultancy and Tenant Sourcing Services	146,203	185,655	225,417
	Subtotal	758,475	1,197,994	1,576,744
Total	878,339	1,465,369	1,906,402	

The annual caps for various services under the 2022 Property Management and Value-Added Services Framework Agreement were determined with reference to:

- (1) regarding the Property Management Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number, GFA under management and terms (including service fees) of existing projects/ service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Property Management Services for the six months ended 30 June 2022 of approximately RMB7.6 million; (iv) the high retention rates for property management service contracts entered into with GZYX, the Company and their respective associates; (v) the expected increase in demand for the YXS Group's Property Management Services with reference to the pipeline projects and the related historical business achieved by GZYX, the Company and their respective associates; (vi) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the YXS Group; and (vii) the contemplated Property Management Services to be provided to Yuexiu Transport, being indirectly owned, as at the date of this announcement, as to 44.2% by GZYX, and therefore, an associate of GZYX, for the three years ending 31 December 2024;
- (2) regarding the Commercial Operation and Management Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Commercial Operation and Management Services for the six months ended 30 June 2022 of approximately RMB20.8 million; (iv) the expected increase in demand for the YXS Group's Commercial Operation and Management Services with reference to the pipeline projects and the related historical business achieved by GZYX, the Company and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the YXS Group;
- (3) regarding the Value-Added Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number and terms (including service fees) of existing service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Value-added Services for the six months ended 30 June 2022 of approximately RMB265.8 million; (iv) the expected increase in demand for the YXS Group's Value-Added services with reference to the pipeline projects and the related historical business achieved by GZYX, the Company and their respective associates; (v) the new service content to be provided by the YXS Group, including delivery coordination service to property owners and the community renovation and refurbishment services to the Company and its associates; and (vi) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the YXS Group;

(4) regarding the Market Positioning Consultancy and Tenant Sourcing Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Market Positioning Consultancy and Tenant Sourcing Services for the six months ended 30 June 2022 of approximately RMB74.2 million; (iv) the expected increase in demand for the YXS Group's Market Positioning Consultancy and Tenant Sourcing Services with reference to the pipeline projects and the related historical business achieved by GZYY, the Company and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the YXS Group.

Among others, subject to the 2022 Property Management and Value-Added Services Framework Agreement becoming unconditional, it is expected that GZYY, the Company and their respective associates may procure from the YXS Group additional Property Management and Value-Added Services in view of their sales pipeline in December 2022, including without limitation (i) Property Management Services for non-commercial properties to be delivered; (ii) Commercial Operation and Management Services including renovation services for shopping malls and office units; and (iii) Value-added Services including sales office and display unit management, preliminary planning and design consultancy services and delivery coordination services as well as carpark space sales assistance service. It is industry practice that more property projects are delivered by property developers in December of a year.

Reasons for and Benefits of Entering into of the 2022 Property Management and Value-Added Services Framework Agreement

In addition to the reasons for revising the annual caps for the 2022 Property Management and Value-Added Services set out above, the Company considers that entering into the 2022 Property Management and Value-Added Services Framework Agreement will facilitate the Group to procure various services from the YXS Group as the Group continues to expand with new business potential and allow the YXS Group to extend its service content to GZYY and the Company, such as delivery coordination services and the community renovation and refurbishment services to the Group. It will also further solidify the YXS Group's position as an integrated property management service provider while it strives to diversify its revenue stream and increase profitability, which will in turn improve the Group's financial performance as a whole.

The GZYY group and the Group have been growing steadily in terms of operation size. According to the publicly available information of the Group, the unaudited value of the aggregate contracted sales (including contracted sales by joint venture projects) of the Company for the period from January to October 2022 amounted to approximately RMB91,114 million, representing a period-on-period increase of approximately 11%. The Group has newly acquired 16 land parcels in PRC with a total GFA of approximately 3.46 million sq.m. in the first half of 2022, and its total landbank was approximately 28.60 million sq.m. as of 30 June

2022. For GZYZ, in addition to the growth in its property sector via the Group, as of 31 December 2021, assets for its financial sector have exceeded RMB300 billion, toll mileage of its highways and bridges across the PRC has reached 960 kilometres and its food sector has been striving for the leading position in the food industry in the Greater Bay Area. All such developments brought continuous demand of the YXS Group's Property Management and Value-added Services for properties such as offices, manufacturing plants and highways etc.

In light of the above, subject to the fulfillment of the conditions precedent, including the approval by the Independent YXS Shareholders of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the Yuexiu Services General Meeting, the Directors (other than the Director who has abstained from voting on the relevant Board resolutions of the Company) consider that the terms of the 2022 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2022 Property Management and Value-Added Services Framework Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, (i) GZ Metro is a substantial Shareholder and therefore, each of GZ Metro and GZM & YXP JVs is a connected person of the Company under the Listing Rules; and (ii) GZYZ is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for each of the proposed annual caps (i) under the 2023 GZ Metro Property Management and Related Services Framework Agreement; (ii) of GZM & YXP JVs under the 2022 Property Management and Value-Added Services Framework Agreement; and (iii) of GZYZ and its associates under the 2022 Property Management and Value-Added Services Framework Agreement exceeds 0.1% but is below 5%, the transactions contemplated under each of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement are subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Mr. Zhang Yibing, none of the Directors has or is deemed to have a material interest in the 2023 GZ Metro Property Management and Related Services Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Zhang Yibing is required to abstain from voting on the relevant Board resolution(s) of the Company.

Save for Mr. Lin Zhaoyuan, none of the Directors has or is deemed to have a material interest in the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Lin Zhaoyuan is required to abstain from voting on the relevant Board resolution(s) of the Company.

GENERAL

As mentioned above, the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder are subject to the approval by the Independent YXS Shareholders at the Yuexiu Services General Meeting. A circular containing, among other things, (i) a letter from the board of directors of Yuexiu Services containing further information on the 2022 Property Management and Value-Added Services Framework Agreement and the transactions thereunder; (ii) the recommendations of the Independent YXS Board Committee to the Independent YXS Shareholders; (iii) a letter from Somerley Capital Limited, the independent financial adviser to the Independent YXS Board Committee and the Independent YXS Shareholders containing its advice in connection with the aforesaid; and (iv) a notice convening the Yuexiu Services General Meeting together with the proxy form, will be despatched to the shareholders of Yuexiu Services as and when necessary. Shareholders and potential investors of the Company shall refer to the aforesaid circular of Yuexiu Services for final and detailed information of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES

The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123). The Group is principally engaged in property development and investment, deepening the implementation of the “1+4” national strategic layout and deep cultivation of the Greater Bay Area market, and focusing on expanding its business in Eastern China, Central China, Northern China and Western China.

Yuexiu Services

Yuexiu Services, an indirect non wholly-owned subsidiary of the Company, is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6626). Yuexiu Services and its subsidiaries are principally engaged in (i) non-commercial property management and value-added services, which consist

of property management services, value-added services to non-property owners and community value-added services; and (ii) commercial property management and operational services, which consist of commercial operation and management services and market positioning consultancy and tenant sourcing services.

GZYX

GZYX, the ultimate controlling shareholder of the Company, is a company established in the PRC with limited liability and is majority owned by the Guangzhou Municipal People's Government of the PRC. GZYX and its subsidiaries are engaged in various businesses, including (i) real estate and property development; (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.

GZ Metro

GZ Metro, a substantial Shareholder, is a wholly state-owned company under the Guangzhou Municipal People's Government of the PRC. Established in 1992, Guangzhou Metro is responsible for the financing, investment, construction, operation, property development and expansion of Guangzhou's urban rail transportation.

INTERNAL CONTROL PROCEDURES

In order to ensure that the terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement are complied with, the Group has established a series of internal control procedures and external supervision measures as follows:

- (1) the Group will monitor the service fees payable by GZ Metro, GZYX and their respective associates as well as GZM & YXP JVs on a monthly basis to ensure that the aggregate amount does not exceed the respective annual caps under the framework agreements;
- (2) the Group will prepare a continuing connected transaction report ("**CCT Report**") once every six months on the transactions contemplated under the framework agreements which will be submitted to the Group's audit committee for consideration. The content of the CCT Report shall include: (a) the aggregate amount of the service fees payable to the YXS Group recorded for the reporting period; (b) a summary and comparison of the services fees payable by GZ Metro, GZYX and their respective associates as well as GZM & YXP JVs to the YXS Group with reference to the then prevailing market conditions and the service fees charged by the YXS Group to independent customers; and (c) the status of compliance with the respective annual caps under the framework agreements;

- (3) the Group’s audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group, (including the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement); and
- (4) the auditor 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 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 relevant framework agreement governing such transaction; and/or (iv) have exceeded the annual caps under the respective framework agreement. 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 its continuing connected transactions, and to provide information for the independent non-executive Directors and auditor to properly review its continuing connected transactions annually.

DEFINITIONS

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

“2022 Property Management and Value-Added Services Framework Agreement”	the framework agreement entered into among Yuexiu Services, GZYX and the Company on 22 November 2022 for the provision of Property Management and Value-Added Services by the YXS Group to GZYX, the Company and their respective associates
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“2023 GZ Metro Property Management and Related Services Framework Agreement”	the framework agreement entered into between Yuexiu Services and GZ Metro on 22 November 2022 for the provision of GZ Metro Property Management and Related Services by the YXS Group to GZ Metro and its associates
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“Commercial Operation and Management Services”	has the meaning given to it in the section headed “(2) 2022 Property Management and Value-Added Services Framework Agreement”
“Commercial Operation and Management Services Framework Agreement”	the framework agreement entered into among Yuexiu Services, GZMX and the Company on 7 June 2021 for the provision of commercial operation and management services on commercial properties by the YXS Group to GZMX, the Company and their respective associates for a term commencing from the YXS Listing Date up to and including 31 December 2023, details of which are set out in the prospectus of Yuexiu Services dated 16 June 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	the Company and its subsidiaries
“GZ Metro”	Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司), a limited liability company established in the PRC on 21 November 1992 and a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“GZ Metro Property Management and Related Services”	has the meaning given to it in the section headed “(1) 2023 GZ Metro Property Management and Related Services Framework Agreement”

“GZ Metro Property Management and Related Services Framework Agreement”	the framework agreement entered into among GZMEE, GZMPM and GZ Metro on 23 November 2020 for the provision of GZ Metro Property Management and Related Services by GZMEE and GZMPM to GZ Metro and its associates for a term commencing from 30 November 2020 up to and including 31 December 2022, details of which are set out in the announcement of the Company dated 23 November 2020
“GZMEE”	Guangzhou Metro Environmental Engineering Co., Ltd.* (廣州地鐵環境工程有限公司), a company established in the PRC with limited liability and is indirectly owned as to 67.0% by Yuexiu Services and directly owned as to 33.0% by GZ Metro
“GZMPM”	Guangzhou Metro Property Management Co., Ltd.* (廣州地鐵物業管理有限責任公司), a company established in the PRC with limited liability and is directly wholly-owned by GZMEE
“GZM & YXP JVs”	refers to the companies jointly held, directly or indirectly, by GZ Metro and the Company and each of which is a non wholly-owned subsidiary of the Company and held, directly or indirectly, as to 10% or more by GZ Metro (excluding any indirect interests in such subsidiary held through the Company)
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company and Yuexiu Services
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any entity or person who is not a connected person
“Independent YXS Board Committee”	the independent board committee of Yuexiu Services comprising all independent non-executive directors of Yuexiu Services

“Independent YXS Shareholders”	the shareholders of Yuexiu Services who are not prohibited from voting at the Yuexiu Services General Meeting in respect of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Positioning Consultancy and Tenant Sourcing Services”	has the meaning given to it in the section headed “(2) 2022 Property Management and Value-Added Services Framework Agreement”
“Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement”	the framework agreement entered into among Yuexiu Services, GZYG and the Company on 7 June 2021 for the provision of market positioning consultancy and tenant sourcing services on commercial properties by the YXS Group to GZYG, the Company and their respective associates for a term commencing from the YXS Listing Date up to and including 31 December 2023, details of which are set out in the prospectus of Yuexiu Services dated 16 June 2021
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Management and Value-Added Services”	has the meaning given to it in the section headed “(2) 2022 Property Management and Value-Added Services Framework Agreement”
“Property Management Services”	has the meaning given to it in the section headed “(2) 2022 Property Management and Value-Added Services Framework Agreement”
“Property Management Services Framework Agreement”	the framework agreement entered into among Yuexiu Services, GZYG and the Company on 7 June 2021 for the provision of property management services on non-commercial properties by the YXS Group to GZYG, the Company and their respective associates for a term commencing from the YXS Listing Date up to and including 31 December 2023, details of which are set out in the prospectus of Yuexiu Services dated 16 June 2021
“RMB”	renminbi, the lawful currency of the PRC

“Shareholder(s)”	registered holders of the shares in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Value-added Services”	has the meaning given to it in the section headed “(2) 2022 Property Management and Value-Added Services Framework Agreement”
“Value-Added Services Framework Agreement”	the framework agreement entered into among Yuexiu Services, GZYY and the Company on 7 June 2021 for the provision of value-added services by the YXS Group to GZYY, the Company and their respective associates for a term commencing from the YXS Listing Date up to and including 31 December 2023, details of which are set out in the prospectus of Yuexiu Services dated 16 June 2021
“Yuexiu Services”	Yuexiu Services Group Limited, being an indirect non wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6626)
“Yuexiu Services General Meeting”	the general meeting of Yuexiu Services to be convened to consider and, if thought fit, to approve, among others, the 2022 Property Management and Value-Added Services Framework Agreement and the transactions thereunder (including the proposed annual caps)
“Yuexiu Transport”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01052)
“YXS Group”	Yuexiu Services and its subsidiaries
“YXS Listing Date”	28 June 2021, the date on which the shares of Yuexiu Services were listed on the Stock Exchange
“%”	per cent.

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

Hong Kong, 23 November 2022

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

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

Non-executive Director: ZHANG Yibing

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

** For identification purpose only*