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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

CONTINUING CONNECTED TRANSACTIONS CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

On 9 December 2022, the Company and GZYG entered into the Construction Services Framework Agreement pursuant to which the Group agreed to provide to GZYG Entities the Construction Services.

PROPOSED ANNUAL CAPS

The proposed Annual Caps under the Construction Services Framework Agreement are RMB50,000,000, RMB63,000,000 and RMB80,000,000 for the years ending 31 December 2022, 2023 and 2024, respectively.

LISTING RULES IMPLICATIONS

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

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

CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

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Duration

The term of the Construction Services Framework Agreement shall commence from 9 December 2022 to 31 December 2024 (both days inclusive).

Subject to compliance with the then relevant requirements under the Listing Rules, the Construction Services Framework Agreement may be renewed by the Company and GZYG by agreement in writing.

GZYG Entities shall enter into separate Construction Services Agreement with members of the Group, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the Construction Services Framework Agreement. If there is any conflict between any provision of the separate Construction Services Agreement and the relevant provision(s) of the Construction Services Framework Agreement, the provision(s) of the Construction Services Framework Agreement shall prevail.

Scope of services:

The Group shall provide construction-related services to GZYG Entities, including but not limited to construction consultancy which involves preparing construction process checklists and control price list, budgeting of the project costs, and auditing of the final project costs; construction supervision which involves offering supervision, quality control, safety management, contract management and liaising between subcontractors and project management throughout the construction period (the “**Standard Construction Services**”); and construction inspection which involves providing safety management by conducting safety inspection and testing on the construction materials, equipment and components (the “**Cost-based Construction Services**”, together with Standard Construction Services collectively referred to as the “**Construction Services**”).

Pricing Policy

Depending on the requested work scope under the Construction Services, the service fees for the relevant Standard Construction Services will primarily be determined in accordance with the government-prescribed or government recommended prices promulgated by the relevant government authorities from time to time (including but not limited to the Management Regulations on the Costs of Basic Construction Projects issued by the Ministry of Finance 《財政部關於印發《基本建設項目建設成本管理規定》的通知》, Costs of Construction Projects Supervision and Related Services Administration Regulations《建設工程監理與相關服務收費管理規定》and Opinion on Regulating the Service Fees for Construction Consultancy Services《關於規範工程造價諮詢服務收費的意見》).

In terms of the Cost-based Construction Services, the services fees will be determined with reference to the testing fees charged by the independent third-party safety testing agencies and the service and logistics costs for transporting the testing samples of construction materials, equipment and components.

In any event, the service fees for the relevant Construction Services of each construction project that the Group will charge shall be determined after arm's length negotiations between the parties and on normal commercial terms and no less favourable than those charged by the Group to the independent customers for comparable construction projects and services.

The fees and payments due to the Group shall be paid in cash and the payment schedule shall be determined after arm's length negotiations between the parties and on normal commercial terms and no less favourable than those charged by the Group to the independent customers for comparable construction projects and services and set out in the separate Construction Services Agreements with reference to the following payment schedule: staged payments shall be made either quarterly or according to the progress of the construction project based on certain milestones throughout the provision of the relevant Construction Services and the remaining fee will be paid after the closeout of the construction project is completed and confirmed by the client. The payments shall be made within 15 to 25 days after the issue of invoice.

Historical Amounts

The total fees received by the Group from the GZYG Entities for the provision of the Construction Services for each of the years ended 31 December 2020 and 2021 and nine months ended 30 September 2022 were approximately RMB5,095,900, RMB13,901,000 and RMB14,946,800 respectively.

Proposed Annual Caps

The proposed Annual Caps for each of the three years ending 31 December 2022, 2023 and 2024 are set out as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Maximum annual fee payable to the Group under the Construction Services Framework Agreement	RMB50,000,000	RMB63,000,000	RMB80,000,000

Basis of determining the proposed Annual Caps

The Annual Caps under the Construction Services Framework Agreement were determined with reference to: (1) the continuous growth trend in historical fees received by the Group from the GZYZ Entities for the provision of the Construction Services since year 2020; (2) the expected increase in demand for the Group's Construction Services from GZYZ Entities with reference to the related historical transaction amount achieved; and (3) the Group's expected increase in service fees to be charged taking into account of the expected inflation and increment in operational costs incurred by the Group.

INTERNAL CONTROL PROCEDURES

The Group has established internal control procedures as follows:

- (1) the Group will monitor the total fees payable by the GZYZ Entities to the Group on a monthly basis to ensure that the total fees received do not exceed the applicable Annual Caps.
- (2) The Group will prepare a continuing connected transaction report ("CCT Report") once every six months on the transactions contemplated under the Construction Services Framework Agreement which will be submitted to the audit committee of the Board for consideration. The content of the CCT Report includes (a) the total amount of fees received and payment terms for each project under the Construction Services Framework Agreement during the reporting period; (b) fee breakdown and comparison with the rates offered to independent customers by the Group and market payment terms; and (c) whether the applicable Annual Caps have been complied with.
- (3) The audit committee of the Board will in its meetings discuss and assess the implementation of the continuing connected transactions of the Group at least twice a year.
- (4) The 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

Construction Services Framework Agreement governing such transaction; and/or (iv) have exceeded the 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 Group.

The Company is satisfied that it has an adequate system of controls to safeguard the transactions contemplated under the Construction Services Framework Agreement, and to provide information for the independent non-executive Directors and auditors to properly review these transactions annually.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

With the on-going development of the business operation of the Group, the Group continues to expand its portfolio of construction related services and in view of the increasing number of construction projects and growing demand in Construction Services from the GZYX Entities, the Group seeks to further enhance its current offerings of Construction Services to the GZYX Entities. The Group believes that the development of its Construction Services business will be of substantial benefit to it by diversifying its existing business and expanding its income stream, adding to its existing property development and construction expertise and allowing the Group to provide a more comprehensive property development and construction solutions to its clients.

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

LISTING RULES IMPLICATIONS

GZYX is the controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the Construction Services Framework Agreement between the Group and the GZYX Entities therefore constitute continuing connected transactions of the Company.

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

None of the Directors has any material interest in the Construction Services Framework Agreement and the transactions contemplated thereunder, including the Annual Caps.

INFORMATION ON THE COMPANY AND GZYX

The Company

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

GZYX

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

DEFINITIONS

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

"Annual Caps"	the annual caps under the Construction Services Framework Agreement for the three years ending 31 December 2022, 2023 and 2024
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Stock Exchange (Stock Code: 00123)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Services”	has the meaning given to it under section headed “Construction Services Framework Agreement — Scope of services” in this announcement
“Construction Services Agreement(s)”	the construction services agreement(s) entered or to be entered into between the relevant GZYZ Entities and the relevant member of the Group pursuant to the Construction Services Framework Agreement
“Construction Services Framework Agreement”	the construction services framework agreement dated 9 December 2022 entered into between the Company and GZYZ to govern the provision of construction services by the relevant member of the Group to the relevant GZYZ Entities for the period between 9 December 2022 to 31 December 2024 (both days inclusive)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“GZYZ”	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
“GZYZ Entities”	collectively, GZYZ, its subsidiaries and its associates (in each case excluding the Company and its subsidiaries), and “GZYZ Entity” means any one of them
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“subsidiary”

has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 9 December 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*