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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF A 20% INTEREST IN A NEW METRO PROPERTY PROJECT

THE ACQUISITION

The Company is pleased to announce that, on 19 May 2024, the Purchaser and GCCD have entered into the Transaction Documents with, among others, the Seller (a subsidiary of GZYY) and GZYY, pursuant to which the Purchaser has conditionally agreed to acquire the Target Holdco Equity Interests and GCCD has conditionally agreed to acquire the Target Holdco Loan and the Target Company Loan comprising:

- (a) the entire equity interest in the Target Holding Company (which holds the 20% equity interests in the Target Company) for a total equity consideration of approximately RMB14.97 million;
- (b) the interests in the Target Holdco Loan, by way of refinancing the Target Holdco Loan (inclusive of accrued interest) on a dollar-for-dollar basis and on the same terms thereof (except the loan will cease to be interest bearing as the Target Holding Company will become a subsidiary of the Company upon completion of the Equity Transfer). GCCD has also agreed to assume the burden of any undrawn amount under the agreement governing the Target Holdco Loan upon completion of the Equity Transfer; and
- (c) the interests in the Target Company Loan, by way of refinancing the Target Company Loan (inclusive of accrued interest) on a dollar-for-dollar basis and on the same terms thereof. GCCD has also agreed to assume the burden of any undrawn amount under the agreement governing the Target Company Loan upon completion of the Equity Transfer.

For illustrative purpose, assuming (i) the completion of the Equity Transfer takes place on 3 July 2024 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests); (ii) the completion of the Loan Rights Acquisition takes place on 26 September 2024 (being 60 business days after completion of the Equity Transfer, the latest time for completing the Loan Rights Acquisition); (iii) the undrawn amounts under the agreements governing each of the Target Holdco Loan and the Target Company Loan are fully drawn on 20 May 2024 (being the date immediately after this announcement); and (iv) no repayment is made under the Target Holdco Loan and the Target Company Loan from the date of this announcement to completion of the Loan Rights Acquisition, the Loan Consideration payable by GCCD would be approximately RMB2.23 billion.

Pazhou South Phase Two Project

The Pazhou South Phase Two Project is located on the South side of Pazhou West District in the Haizhu District, Guangzhou. The Pazhou South Phase Two Project, a transit-oriented development (TOD) project, is located near the Chisha depot section of Guangzhou Metro Line No. 11. The Pazhou South Phase Two Project has a site area of 166,331 sq.m. and a plot ratio accountable GFA of 419,462 sq.m. on which residential and commercial properties can be developed. The construction of the Pazhou South Phase Two Project commenced in December 2023.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that the acquisition of the 20% equity interests in the Pazhou South Phase Two Project further strengthens the Group's development pursuant to the implementation of the Group's TOD business strategy. With the support from the state-owned enterprise background of GZYY, the controlling shareholder of the Company, and the strategic partnership with Guangzhou Metro, the Company is able to acquire high-quality landbank along the metro lines in first-tier cities at a reasonable price. Upon completion of the Acquisition, the total floor area of the TOD projects of the Group will increase to approximately 3.89 million sq.m., and the Group's high quality landbank in Guangzhou will increase to approximately 10.38 million sq.m.. The total floor area of the TOD projects of the Group accounted for approximately 12.9% of the Group's total landbank as at 31 December 2023. For the year ended 31 December 2023, the contracted sales value of the Group's TOD projects was approximately RMB27.37 billion, accounting for approximately 19.3% of the Group's total contracted sales value for the year. The Company believes that this unique TOD development business will bring continuous growth to the Group and further strengthen the Group's market position as a leading TOD property developer in China.

Moreover, the Company currently has three projects under development in the Pazhou District of Haizhu District, with a total landbank of 607,400 sq.m.. The acquisition of the 20% equity interests in the Pazhou South Phase Two Project benefits the Company in its joint development of the Pazhou District, enhancing the Company's market position and brand advantage in this district.

IMPLICATIONS UNDER LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition (taking into account the outstanding principal amount of the Target Holdco Loan, the Target Company Loan, interest accrued thereon and any undrawn amount under the current loan agreements) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Seller, a direct wholly-owned subsidiary of YXE (the controlling shareholder of the Company), is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 5%, the Acquisition is also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of GZYG and its respective associates will abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the GM.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Acquisition. Yu Ming Investment Management Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

GM AND CIRCULAR

The GM will be convened and held by the Company to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition).

The circular containing, among other things: (i) further information on the Acquisition; (ii) a letter of recommendations from the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) financial information of the Group and the Target Holding Company; (v) valuation report in respect of each of the Pazhou South Phase Two Project and the Target Holding Company; and (vi) a notice of the GM, is expected to be despatched to the Shareholders on or around 7 June 2024.

Shareholders and potential investors of the Company should be aware that the Acquisition is subject to certain conditions being satisfied, therefore the Acquisition 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.

THE ACQUISITION

The Company is pleased to announce that, on 19 May 2024, the Purchaser and GCCD have entered into the Transaction Documents with, among others, the Seller (a subsidiary of GZYY) and GZYY, pursuant to which the Purchaser has conditionally agreed to acquire the Target Holdco Equity Interests and GCCD has conditionally agreed to acquire the Target Holdco Loan and the Target Company Loan comprising:

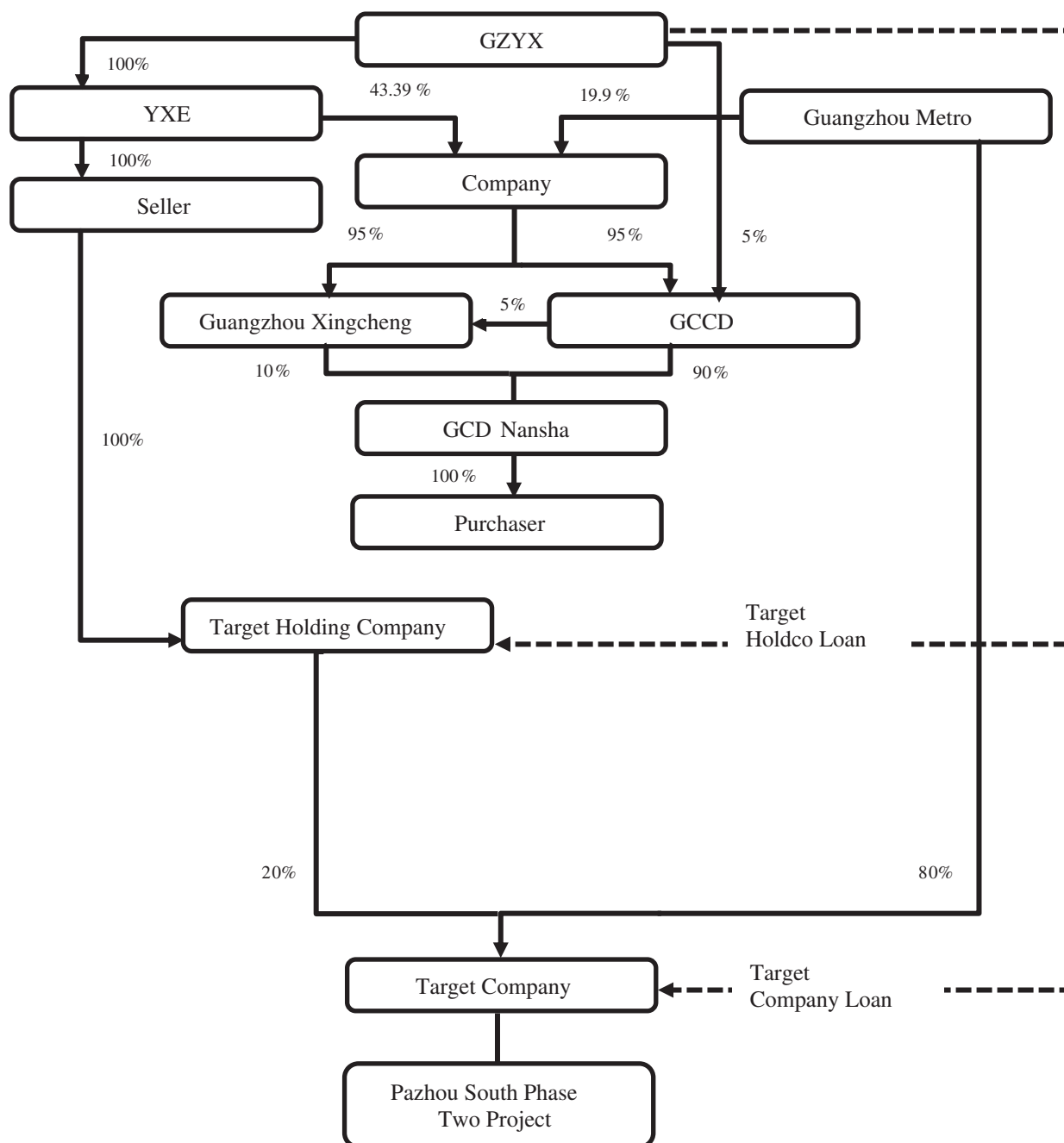
- (a) the entire equity interest in the Target Holding Company (which holds the 20% equity interests in the Target Company) for a total equity consideration of approximately RMB14.97 million, being the Appraised Value (the “**Equity Consideration**”);
- (b) the interests in the loans owing by the Target Holding Company to GZYY which, as at 10 April 2024, amounted to approximately RMB1,094.38 million in principal amount (the “**Target Holdco Loan**”) (the existing loans have a term of 12 months from initial drawdown and bear interests at 4.5% per annum as at the date of this announcement), by way of refinancing the Target Holdco Loan (inclusive of accrued interest) on a dollar-for-dollar basis and on the same terms thereof (except the loan will cease to be interest bearing as the Target Holding Company will become a subsidiary of the Company upon completion of the Equity Transfer) (the “**Target Holdco Loan Consideration**”). GCCD has also agreed to assume the burden of any undrawn amount under the agreement governing the Target Holdco Loan upon completion of the Equity Transfer which, as at 10 April 2024, amounted to approximately RMB55.62 million; and
- (c) the interests in the loans owing by the Target Company to GZYY which, as at 10 April 2024, amounted to approximately RMB960.27 million in principal amount (the “**Target Company Loan**”) (the existing loans have a term of 60 months from initial drawdown and bear interests at 4.5% per annum as at the date of this announcement), by way of refinancing the Target Company Loan (inclusive of accrued interest) on a dollar-for-dollar basis and on the same terms thereof (the “**Target Company Loan Consideration**”). GCCD has also agreed to assume the burden of any undrawn amount under the agreement governing the Target Company Loan upon completion of the Equity Transfer which, as at 10 April 2024, amounted to approximately RMB14.37 million,

(the above are collectively referred to as the “**Acquisition**”).

For illustrative purpose, assuming (i) the completion of the Equity Transfer takes place on 3 July 2024 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests); (ii) the completion of the Loan Rights Acquisition takes place on 26 September 2024 (being 60 business days after completion of the Equity Transfer, the latest time for completing the Loan Rights Acquisition); (iii) the undrawn amounts under the agreements governing each of the Target Holdco Loan and the Target Company Loan are fully drawn on 20 May 2024 (being the date immediately after this announcement); and (iv) no repayment is made under the Target Holdco Loan and the Target Company Loan from the date of this announcement to completion of the Loan Rights Acquisition, the Loan Consideration payable by GCCD would be approximately RMB2.23 billion.

Corporate structure before and immediately after the completion of the Acquisition

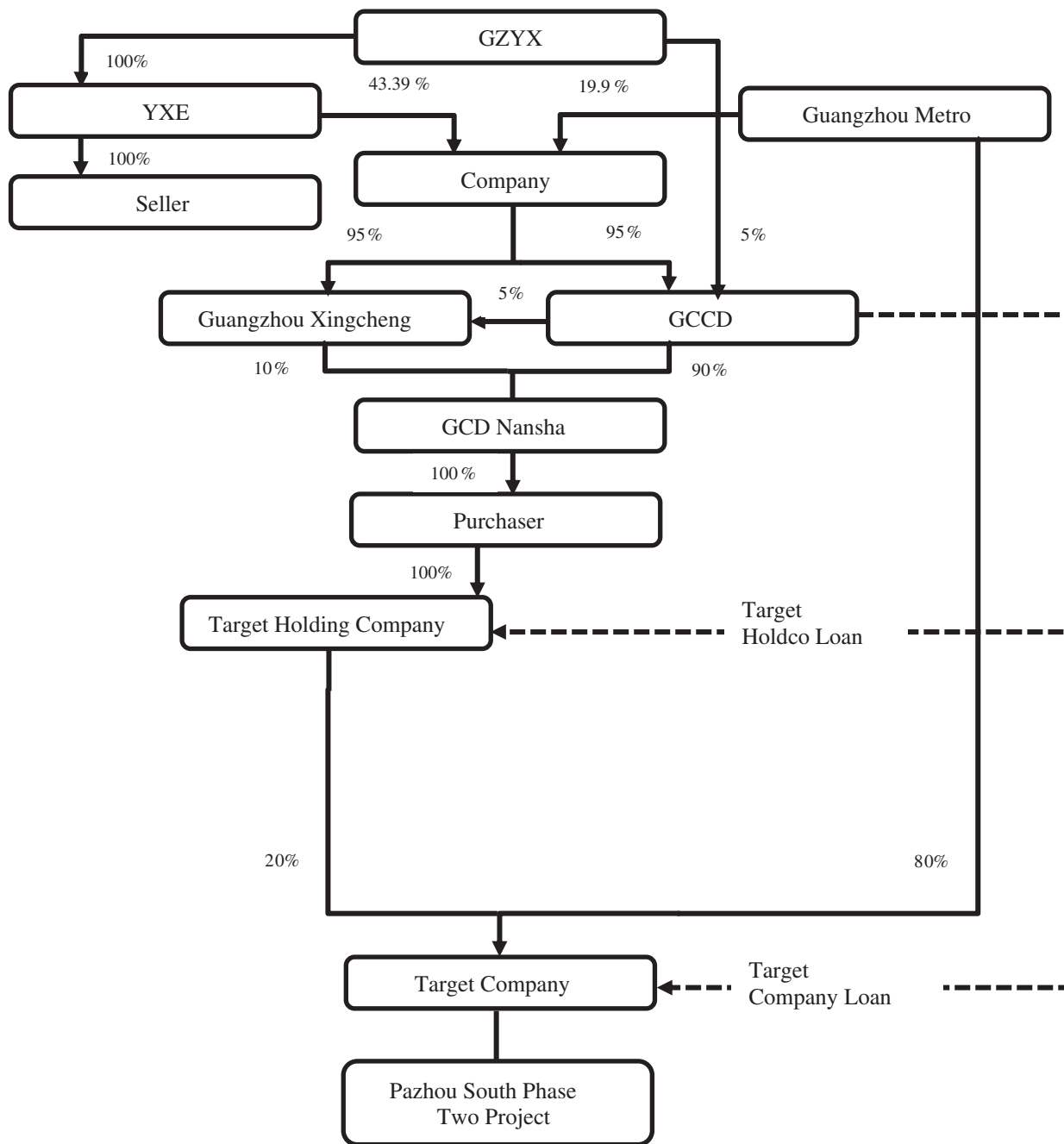
Set out below is the simplified corporate structure chart as at the date of this announcement:



Notes:

1. indicates shareholding/holding of equity interest (direct/indirect).
2. indicates debt provided by one party to another.

Set out below is the simplified corporate structure chart immediately after completion of the Acquisition:



Notes:

1. indicates shareholding/holding of equity interest (direct/indirect).
2. indicates debt provided by one party to another.

BASIS OF DETERMINATION OF CONSIDERATION FOR THE ACQUISITION

As at 31 March 2024, the Appraised Value of the Pazhou South Phase Two Project, as determined by the Independent Valuer using the market comparison method (by making reference to comparable sales transactions as available in the market) and also taking into account the accrued construction costs and professional fees relevant to the stage of construction as at the said valuation date, was approximately RMB10,615 million, translating into approximately RMB25,305 per sq.m. in terms of plot ratio accountable GFA on which residential and commercial properties can be developed (which is 419,462 sq.m.).

The consideration for the entire equity interest in the Target Holding Company (which in turn holds the 20% equity interests in the Target Company) to be acquired by the Purchaser was determined based on the Appraised Value of the Target Holding Company as at 31 March 2024, being approximately RMB14.97 million as determined by the Independent Valuer.

THE TRANSACTION DOCUMENTS

Details of the terms of the Transaction Documents are described below:

The Equity Transfer and Loan Repayment Agreement dated 19 May 2024 (the “Equity Transfer Agreement”)

Parties: The Seller (a subsidiary of GZYY), the Purchaser (an indirect non-wholly-owned subsidiary of the Company), GZYY, GCCD and the Target Holding Company.

The Debt Restructuring Agreement dated 19 May 2024 (the “Debt Restructuring Agreement”)

Parties: GZYY (as assignor), GCCD (as assignee) and the Target Company (as debtor).

Conditions

The effective date of each of the Transaction Documents (the “**Transaction Effective Date**”) shall be the day on which all conditions have been satisfied:

- (a) the Independent Shareholders having passed all necessary resolutions at the GM to approve the Transaction Documents and the transactions contemplated thereunder; and
- (b) the consent(s) and/or waiver(s) and/or compliance approval procedures of the relevant regulatory authorities which are necessary in connection with the execution, delivery and performance of the Transaction Documents and the transactions contemplated thereunder having been obtained and/or completed.

Consideration, payment terms and completion

Subject to the Transaction Documents having become effective:

- (a) the Equity Consideration of approximately RMB14.97 million shall be payable in cash in full by the Purchaser to the Seller within five business days of the Transaction Effective Date, and completion of the Equity Transfer shall take place on the date on which such transfer is registered at the relevant administration for industry and commerce;
- (b) upon completion of the Equity Transfer, GCCD shall assume the burden of any undrawn amount of under the agreements governing each of the Target Holdco Loan and the Target Company Loan; and
- (c) within 60 business days of the date of completion of the Equity Transfer, GCCD shall provide a loan to each of the Target Holding Company and the Target Company to enable them to fully repay any outstanding amount under the Target Holdco Loan and the Target Company Loan respectively.

Indemnity

Each party to the Transaction Documents agrees to indemnify each of the other parties to the relevant Transaction Document against all losses suffered by the non-defaulting parties as a result of or in connection with any breach of the respective obligations of the defaulting parties.

Termination

After the Equity Transfer Agreement becomes effective, no party thereto shall be entitled to terminate the Equity Transfer Agreement except upon the occurrence of either one of the following events:

- (a) agreement in writing between the parties thereto; or
- (b) termination pursuant to any applicable laws, rules and regulations or pursuant to other terms of the Equity Transfer Agreement.

In the event of termination of the Equity Transfer Agreement due to the default of any party, any part of the amounts payable under the Transaction Documents (namely, the Equity Consideration and the Loan Consideration) which has been paid shall be returned to the Purchaser. The defaulting party shall pay compensation and attend to all necessary procedures to unwind the Equity Transfer pursuant to the terms of the Equity Transfer Agreement and applicable laws and regulations.

MANAGEMENT OF THE TARGET COMPANY

Following completion of the Acquisition, (a) the Target Holding Company will become a subsidiary of the Company, and the Target Holding Company will in turn hold 20% equity interests in the Target Company; (b) the financial results of the Target Holding Company will be consolidated into that of the Company; and (c) the Target Company will not become a subsidiary of the Company.

Pursuant to the cooperative development agreement dated 26 March 2024 and entered into between Guangzhou Metro, GZYZ and the Target Holding Company in relation to the joint operation of the Target Company, as may be amended and supplemented from time to time (the “**Cooperative Development Agreement**”), Guangzhou Metro, GZYZ and the Target Holding Company agreed to cooperate to jointly develop the Pazhou South Phase Two Project through the Target Company. Pursuant to the Cooperative Development Agreement, the Target Company is mainly responsible for the overall daily operational management and development management of the Pazhou South Phase Two Project. Unanimous approval of all the shareholders of the Target Company is required for matters in relation to pledging of the shares or capital investment certificate of the Target Company. On the other hand, matters such as appointment and remuneration of directors and supervisors, increase or reduction of the registered capital, merger or winding up, amendment of articles and transfer of shares to a non-shareholder are subject to the approval of more than two-thirds of the voting rights of the Target Company.

Board composition and reserved matters

As at the date of this announcement, the Target Company has a total of five directors, four of whom are appointed by Guangzhou Metro and one of whom is appointed by the Target Holding Company.

Pursuant to the Cooperative Development Agreement, all matters requiring board approval are subject to simple majority vote other than certain reserved matters such as, among others, (i) increase or reduction of the registered capital, merger or winding up, amendment of articles, and approving the management and pricing of connected transactions, which are subject to the unanimous approval of the directors of the Target Company; and (ii) convening shareholders meetings to report on work done, valuation of the Target Company’s assets and the appointment of the Target Company’s accountants, which are subject to the approval of more than two-thirds of the directors of the Target Company.

Further funding

In the event additional funding is required for the development and construction of the Pazhou South Phase Two Project, the Target Company shall first seek external financing. In the event the Target Company does not have sufficient assets to secure its obligations under the external financing, subject to compliance with the respective internal approval procedures of the shareholders of the Target Company, such shareholders shall provide security or guarantee pro-rata to their then respective equity holdings in the Target Company.

In the event that external financing is insufficient to meet the capital requirements for the development and construction of the Pazhou South Phase Two Project, the shareholders of the Target Company shall, subject to compliance with their respective internal approval procedures, provide additional shareholders loans (bearing interests at 4.5% per annum) to the Target Company pro-rata to their then respective equity holdings in the Target Company to ensure normal operation of the Target Company and the development of the Pazhou South Phase Two Project.

Profit distribution arrangements

Pursuant to the Cooperative Development Agreement, the profits of the Target Company shall be shared by the parties to the Cooperative Development Agreement in proportion to their respective equity interests in the Target Company.

Right of first refusal

Pursuant to the Cooperative Development Agreement, the shareholders of the Target Company are entitled to a right of first refusal, where, subject to 95% or more of the total saleable area of the Pazhou South Phase Two Project having been sold and delivered, any one of the shareholders of the Target Company (the “**Transferor**”) may transfer all or part of its equity interest in the Target Company and assign all or part of the shareholder’s loan (including any unpaid interest) owing to the Transferor by the Target Company. It is agreed that any such transfer of equity interest in the Target Company must be accompanied by the assignment of the same percentage of the Transferor’s interest in the shareholder loan owing to the Transferor by such Target Company, and vice versa (other than transfers from the Transferor to companies under actual control of the Group).

Operation and management

The Target Company shall ensure that Guangzhou Metro’s normal railway operations are not affected by the construction works of the Pazhou South Phase Two Project, and that the Pazhou South Phase Two Project complies with the safety management system and standards of Guangzhou Metro.

Undertaking by Guangzhou Metro

Guangzhou Metro undertakes to effect the disposal of certain commercial properties with a total plot ratio accountable GFA of approximately 148,000 sq.m. and 596 underground parking spaces of the Pazhou South Phase Two Project, which may or may not involve a sale of such properties or parking spaces to external parties. Guangzhou Metro will ensure that the Target Company will receive proceeds of an amount equal to the agreed development costs, as determined with reference to reports prepared by cost consultancies and/or auditors. As at the date of the Cooperative Development Agreement, such developed costs were estimated to be approximately RMB5,088.79 million, payable in two instalments: (i) approximately RMB2,797.11 million (being the estimated proceeds attributable to the land on which the properties will be constructed) on or before 30 December 2025; and (ii) a further amount equal to the difference between the agreed development costs and the amount received under the first instalment when the relevant properties and parking spaces are ready for delivery.

Undertaking by the Target Holding Company

The Target Holding Company undertakes to procure the purchase of commercial properties of the Pazhou South Phase Two Project by third party major customers, where the total purchase price of such purchases shall be no less than RMB2 billion. The Target Holding Company further undertakes to procure such third party major customers to pay the full purchase price in three instalments: (i) RMB400 million by 30 December 2024; (ii) RMB800 million by 30 December 2025; and (iii) RMB800 million by the time the relevant commercial properties are ready for delivery.

FINANCIAL INFORMATION OF THE TARGET HOLDING COMPANY

The audited financial information of the Target Holding Company prepared in accordance with the China Accounting Standards for Business Enterprises is as follows:

	From date of incorporation to 31 March 2024
	<i>RMB'000</i>
Revenue	—
Loss before taxation	148
Loss after taxation	148

The Target Holding Company was incorporated in July 2022. The audited total assets and the audited net liability value of the Target Holding Company as at 31 March 2024 were approximately RMB1,094.63 million and RMB0.15 million, respectively as stated in the audited accounts of the Target Holding Company as at 31 March 2024.

On 29 March 2024, the Target Holding Company completed the acquisition of 20% equity interests in the Target Company from Guangzhou Metro at an equity consideration of approximately RMB2.92 million. As at 10 April 2024, GZYZX refinanced, on a dollar-for-dollar basis, shareholder loans to the Target Holding Company (inclusive of accrued interest) of approximately RMB1,090.96 million in connection with the undertaking by Target Holding Company of such debt interest from Guangzhou Metro when the 20% equity interest in the Target Company was acquired on the same day, and on a dollar-for-dollar basis, shareholders loans to the Target Company (inclusive of accrued interest) of approximately RMB1,015.34 million.

INFORMATION OF THE PARTIES TO THE ACQUISITION AND THE PAZHOU SOUTH PHASE TWO PROJECT

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 Southwestern China.

The Target Holding Company

The Target Holding Company is an investment and property development company whose sole asset (other than cash and cash equivalents) is the 20% equity interests in the Target Company.

The Target Company

The Target Company is a property development company and is the sole registered owner of the Pazhou South Phase Two Project.

The Seller

The Seller is an investment holding company which is wholly-owned by GZYZX.

The Purchaser

The Purchaser is a property development company which is a non-wholly owned subsidiary of the Company.

GCCD

GCCD is an investment holding company which is indirectly owned as to 95% by the Company and 5% by GZYZX.

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 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.

Guangzhou Metro

Guangzhou Metro is a wholly state-owned company under the Guangzhou Municipal 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. As at the date of this announcement, Guangzhou Metro indirectly owns approximately 19.9% shareholding in the Company.

The Pazhou South Phase Two Project

The Pazhou South Phase Two Project is located on the South side of Pazhou West District in the Haizhu District, Guangzhou (the "**Pazhou South Phase Two Project**"). The Pazhou South Phase Two Project is a transit-oriented development (TOD) project and is located near the Chisha depot section of Guangzhou Metro Line No. 11. The Pazhou South Phase Two Project has a site area of 166,331 sq.m. and a plot ratio accountable GFA of 419,462 sq.m. on which residential and commercial properties can be developed. The construction of the Pazhou South Phase Two Project commenced in December 2023.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that the acquisition of the 20% equity interests in the Pazhou South Phase Two Project further strengthens the Group's development pursuant to the implementation of the Group's TOD business strategy. With the support from the state-owned enterprise background of GZYX, the controlling shareholder of the Company, and the strategic partnership with Guangzhou Metro, the Company is able to acquire high-quality landbank along the metro lines in first-tier cities at a reasonable price. Upon completion of the Acquisition, the total floor area of the TOD projects of the Group will increase to approximately 3.89 million sq.m., and the Group's high quality landbank in Guangzhou will increase to approximately 10.38 million sq.m.. The total floor area of the TOD projects of the Group accounted for approximately 12.9% of the Group's total landbank as at 31 December 2023. For the year ended 31 December 2023, the contracted sales value of the Group's TOD projects was approximately RMB27.37 billion, accounting for approximately 19.3% of the Group's total contracted sales value for the year. The Company believes that this unique TOD development business will bring continuous growth to the Group and further strengthen the Group's market position as a leading TOD property developer in China.

Moreover, the Company currently has three projects under development in the Pazhou District of Haizhu District, with a total landbank of 607,400 sq.m.. The acquisition of the 20% equity interests in the Pazhou South Phase Two Project benefits the Company in its joint development of the Pazhou District, enhancing the Company's market position and brand advantage in this district.

The Board (other than the independent non-executive Directors and Mr. Lin Zhaoyuan, who is regarded as having a material interest in the Acquisition and therefore has abstained from voting on the relevant board resolutions of the Company) considers that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The view of the independent non-executive Directors is subject to the advice of the Independent Financial Adviser and will be set forth in the circular to be despatched to the Shareholders.

IMPLICATIONS UNDER LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition (taking into account the outstanding principal amount of the Target Holdco Loan, the Target Company Loan, interest accrued thereon and any undrawn amount under the current loan agreements) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Seller, a direct wholly-owned subsidiary of YXE (the controlling shareholder of the Company), is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 5%, the Acquisition is also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of the announcement, the outstanding principal amount of the Target Company Loan represents 20% of the total shareholders loans owing by the Target Company to its shareholders.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Acquisition and the transactions contemplated thereunder other than its interest as a Shareholder, together with such Shareholder's associates, shall abstain from voting on the resolutions to approve the same to be proposed at the GM.

GZYG wholly-owns YXE (the controlling shareholder of the Company) and is therefore an associate of YXE and a connected person of the Company.

Each of GZYG and its associates will abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the GM. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Acquisition, and therefore no other Shareholder is required to abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder for the purpose of the Listing Rules.

As Mr. Lin Zhaoyuan, an executive Director, is a director, vice chairman and general manager of GZYY, he has abstained from voting on the board resolutions of the Company in relation to the Acquisition. Save as disclosed above, no Director had a material interest in the Acquisition or was required to abstain from voting on the relevant board resolutions of the Company.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Acquisition.

Yu Ming Investment Management Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. Such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

GM AND CIRCULAR

The GM will be convened and held by the Company to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition).

The circular containing, among other things: (i) further information on the Acquisition; (ii) a letter of recommendations from the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) financial information of the Group and the Target Holding Company; (v) valuation report in respect of each of the Pazhou South Phase Two Project and the Target Holding Company; and (vi) a notice of the GM, is expected to be despatched to the Shareholders on or around 7 June 2024.

Shareholders and potential investors of the Company should be aware that the Acquisition is subject to certain conditions being satisfied, therefore the Acquisition 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.

DEFINITIONS

In addition to the expressions defined in the content of this announcement, the following expressions have the following meanings:

“Acquisition”	the Equity Transfer and the Loan Rights Acquisition
“Appraised Value(s)”	the market value of the Pazhou South Phase Two Project or the Target Holding Company as at 31 March 2024 as determined by the Independent Valuer

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Yuexiu Property Company Limited, a company 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)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Cooperative Development Agreement”	has the meaning given to it in the section headed “Management of the Target Company”
“Debt Restructuring Agreement”	has the meaning given to it in the section headed “The Transaction Documents”
“Directors”	the directors of the Company
“Equity Consideration”	has the meaning given to it in the section headed “The Acquisition”
“Equity Transfer”	the transfer of the Target Holdco Equity Interests by the Seller to the Purchaser
“Equity Transfer Agreement”	has the meaning given to it in the section headed “The Transaction Documents”
“GCCD”	廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd.), a company established in the PRC with limited liability which is indirectly owned as to 95% by the Company and 5% by GZYX
“GCD Nansha”	廣州城建開發南沙房地產有限公司 (Guangzhou City Construction & Development Group Nansha Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of GCCD
“GFA”	gross floor area
“GM”	the general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition)
“Group”	the Company and its subsidiaries

“Guangzhou Metro”	廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.*), a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“Guangzhou Xingcheng”	廣州市興城實業發展有限公司 (Guangzhou Xingcheng Property Development Ltd.*), a company established in the PRC with limited liability and a subsidiary of the Company, which indirectly owns 10% of the Purchaser
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun, Mr. Lau Hon Chuen Ambrose and Mr. Cheung Kin Sang, established to advise the Independent Shareholders in respect of whether the Acquisition is fair and reasonable and as to voting
“Independent Financial Adviser”	Yu Ming Investment Management Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Acquisition is fair and reasonable and as to voting
“Independent Shareholders”	Shareholders other than (i) any Shareholder who has a material interest in the Acquisition other than its interest as a Shareholder; and (ii) any close associate of such Shareholder referred to in (i)
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the Target Holdco Loan Consideration and the Target Company Loan Consideration

“Loan Rights Acquisition”	the acquisition of the Target Holdco Loan and the Target Company Loan
“Pazhou South Phase Two Project”	has the meaning given to it in the section headed “Information of the parties to the Acquisition and the Pazhou South Phase Two Project”
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	廣州越秀華城房地產開發有限公司 (Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Smart Light Group Limited 慧怡集團有限公司, a company incorporated in Hong Kong with limited liability and a subsidiary of GZYX
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meter(s)
“Target Company”	廣州市品鑫房地產開發有限公司 (Guangzhou Pinxin Property Development Co., Ltd.*), a company established in the PRC with limited liability, which is owned as to 80% and 20% by Guangzhou Metro and the Target Holding Company respectively as at the date of this announcement
“Target Company Loan Consideration”	has the meaning given to it in the section headed “The Acquisition”
“Target Company Loan”	has the meaning given to it in the section headed “The Acquisition”
“Target Holdco Equity Interests”	the entire equity interests in the Target Holding Company which in turn holds the 20% equity interests in the Target Company

“Target Holdco Loan Consideration”	has the meaning given to it in the section headed “The Acquisition”
“Target Holdco Loan”	has the meaning given to it in the section headed “The Acquisition”
“Target Holding Company”	廣州泉秀房地產開發有限公司 (Guangzhou Quanxiu Property Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of GZYX as at the date of this announcement, which in turn owns the 20% equity interests in the Target Company
“Transaction Documents”	collectively, the Equity Transfer Agreement and the Debt Restructuring Agreement, and each a “Transaction Document”
“Transaction Effective Date”	has the meaning given to it in the section headed “The Transaction Documents”
“Transferor”	has the meaning given to it in the section headed “Management of the Target Company”
“YXE”	Yue Xiu Enterprises (Holdings) Limited, a company incorporated in Hong Kong with limited liability and which is a direct wholly-owned subsidiary of GZYX

* *for identification purpose only*

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

Hong Kong, 19 May 2024

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

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

Non-Executive Director: ZHANG Yibing

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