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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yuexiu Services Group Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 06626)**

**(1) PROPOSED ADOPTION OF SHARE OPTION SCHEME;**  
**(2) PROPOSED ADOPTION OF THE MANAGEMENT MEASURES;**  
**(3) PROPOSED ADOPTION OF THE APPRAISAL MEASURES;**  
**(4) PROPOSED ADOPTION OF THE INITIAL GRANT PROPOSAL;**  
**AND**  
**(5) NOTICE OF GENERAL MEETING**

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Capitalized terms used in this cover page have the same meanings as those defined in this circular.

A notice convening the General Meeting to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 15 February 2023 at 11:00 a.m. is set out on pages GM-1 to GM-4 of this circular. A form of proxy for the General Meeting is enclosed with this circular. Whether or not you intend to attend the General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding the General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting in person at the General Meeting or any adjourned meeting if you so wish.

#### **PRECAUTIONARY MEASURES FOR THE GENERAL MEETING**

In order to prevent and control the spread of novel coronavirus ("COVID-19") pandemic and to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the General Meeting:

- compulsory wearing of surgical face masks at all the times at the General Meeting venue;
- compulsory body temperature checks and hand sanitizing before entry into the General Meeting venue;
- no provision of refreshments and gift coupons/souvenirs; and
- any other additional precautionary measures as appropriate.

Any person who does not comply with the precautionary measures may be denied entry into or required to leave the General Meeting venue. The Company would like to remind all Shareholders that physical attendance at the General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the General Meeting as their proxy to vote on the relevant resolutions at the General Meeting. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the General Meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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## CONTENTS

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	<i>Page</i>
<b>PRECAUTIONARY MEASURES FOR THE GENERAL MEETING</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	6
<b>APPENDIX I — SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME.</b> .....	I-1
<b>APPENDIX II — MANAGEMENT MEASURES</b> .....	II-1
<b>APPENDIX III — APPRAISAL MEASURES</b> .....	III-1
<b>APPENDIX IV — INITIAL GRANT PROPOSAL</b> .....	IV-1
<b>NOTICE OF GENERAL MEETING</b> .....	GM-1

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## PRECAUTIONARY MEASURES FOR THE GENERAL MEETING

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In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the General Meeting:

### HEALTH AND SAFETY MEASURES AT THE GENERAL MEETING

- (i) All attendees are requested to wear surgical face masks at the General Meeting venue at all times, and to maintain a safe distance with other attendees;
- (ii) compulsory body temperature checks will be conducted on all attendees at the entrance of the General Meeting venue. Any attendees with a body temperature of over 37.2 degree Celsius or with flu-like symptoms may be denied entry into the General Meeting venue or be required to leave the General Meeting venue;
- (iii) all attendees must wash their hands with alcohol-based hand sanitizer before entering the General Meeting venue;
- (iv) no refreshments and gift coupons/souvenirs will be provided; and
- (v) any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government, the regulatory authorities and/or the General Meeting venue, or as considered appropriate in light of the development of the COVID-19 pandemic.

To the extent permitted under applicable laws, the Company reserves the right to deny entry into the General Meeting venue or request any person to leave the General Meeting venue in order to ensure the safety of the attendees at the General Meeting.

Attendees are requested (i) to consider carefully the risk of attending the General Meeting, which will be held in an enclosed environment, (ii) to follow any prevailing requirements or guidelines of the HKSAR Government relating to COVID-19 in deciding whether or not to attend the General Meeting, and (iii) not to attend the General Meeting if they have contracted or are suspected to have contracted COVID-19.

In the interest of all stakeholders' health and safety and in response to the recent guidelines on prevention and control of COVID-19 pandemic, Shareholders are reminded that **physical attendance in person at the General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by completing proxy form in accordance with the instructions printed thereon, Shareholders may appoint the Chairman of the General Meeting as proxy to vote on the relevant resolutions at the General Meeting instead of attending the General Meeting or any adjourned meeting in person.** Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the General Meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

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## PRECAUTIONARY MEASURES FOR THE GENERAL MEETING

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

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

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## DEFINITIONS

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*In this circular (except for Appendices II to IV), unless the context requires otherwise, the following expressions have the following meanings:*

“Adoption Conditions”	the conditions of the adoption of the Share Option Scheme as disclosed in section 2.4 of the Board Letter
“Adoption Date”	the date on which the Share Option Scheme is adopted by an ordinary resolution of the Shareholders
“Appraisal Measures”	the Appraisal Measures of the Share Option Incentive Scheme of Yuexiu Services Group Limited* (《越秀服務集團有限公司股票期權激勵計劃考核管理辦法》)
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Board Letter”	the section headed “LETTER FROM THE BOARD” of this circular
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Yuexiu Services Group Limited (越秀服務集團有限公司), 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: 06626)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Date of Grant”	30 December 2022
“December Announcement”	the announcement of the Company dated 30 December 2022 in which, among other things, (i) the proposed adoption of the Share Option Scheme; and (ii) the conditional grant of a total of 15,220,300 Options to a total of 39 Eligible Participants were announced
“Director”	a director of the Company
“Eligible Participant”	any employee (whether full-time or part-time) or director of any member of the Group, other than an Excluded Person

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## DEFINITIONS

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“Employee Participants”	any employee (whether full-time or part-time, including any executive Director, but excluding any non-executive Director) of the Company or any of its Subsidiaries (and including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with these companies)
“Exchange Listing Rules”	the Listing Rules, any listing agreement or other contractual arrangement entered into with any party pursuant thereto, and rulings of the Stock Exchange made in pursuance thereof
“Excluded Person”	(i) any person who is an independent non-executive Director; (ii) any person who individually or together with his/her family member(s) is interested in 5% or more of the issued Shares at the time of any proposed grant; or (iii) the spouse, father, mother or child of the person referred to in (i) or (ii) above and who is not an employee of any member of the Group
“Exercise Price”	the price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which shall be a Business Day; and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of grant, or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme
“General Meeting”	the general meeting of the Company to be held on Wednesday, 15 February 2023 for the Shareholders to consider and, if thought fit, approve each of the Scheme Documents (including any adjournment thereof)
“Group”	the Company and its subsidiaries
“Guangzhou SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of Guangzhou Municipal People’s Government
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSAR Government”	the Government of Hong Kong
“Incentive Target”	has the same meaning given to the expression “Eligible Participant”

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## DEFINITIONS

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“Initial Grant Conditions”	the conditions of the Proposed Initial Grant as disclosed in section 3.2 of the Board Letter
“Initial Grant Proposal”	the Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Services Group Limited (Draft)* (《越秀服務集團有限公司股票期權激勵計劃首次授予方案》(草案))
“Limit”	the limit on the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any Other Schemes, being a number in aggregate not exceeding 10% of the Shares in issue as at the Adoption Date
“Listing Approval”	the Listing Committee’s approval of the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued by the Company pursuant to the exercise of any Option under the Share Option Scheme
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPD”	19 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Management Measures”	the Management Measures of the Share Option Incentive Scheme of Yuexiu Services Group Limited* (《越秀服務集團有限公司股票期權激勵計劃管理辦法》)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules from time to time
“Mr. Mao”	Mr. MAO Liangmin, an executive Director
“Mr. Zhang”	Mr. ZHANG Jin, an executive Director
“Option”	an option or right to subscribe for Shares pursuant to the Share Option Scheme
“Option Holder”	any Eligible Participant who accepts a grant of Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person who is entitled to any such Option by operation of law or otherwise in consequence of the death of the original Option Holder

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## DEFINITIONS

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“Option Period”	a period to be determined by the Board at its absolute discretion (provided that the period shall not be more than ten (10) years from the date of grant) and notified by the Board to an Eligible Participant as the period during which an Option may be exercised (subject to any restrictions on the exercise of the Option as may be imposed by the Board)
“Other Schemes”	other than the Share Option Scheme, all the schemes or arrangements involving the grant by the Company or any member of the Group of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or arrangements which, in the opinion of the Stock Exchange, is analogous to a share option scheme as described in Chapter 17 of the Listing Rules
“Peer Benchmark Companies”	a total of 59 companies listed in Shanghai, Shenzhen or Hong Kong principally engaged in businesses similar to the Group’s businesses as benchmark companies
“PRC”	the People’s Republic of China
“Proposed Initial Grant”	the proposed initial grant of 15,220,300 Options as disclosed in section 3 of the December Announcement
“Remuneration Committee”	the remuneration committee established by the Board from time to time
“Scheme Documents”	collectively, the Share Option Scheme, the Management Measures, the Appraisal Measures and the Initial Grant Proposal and each a “Scheme Document”
“Scheme Period”	the period commencing on the Adoption Date and expiring at 5:00 p.m. on the Business Day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in a general meeting
“Senior Manager”	a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 to the Listing Rules (as may be amended from time to time)
“Share”	an ordinary share of the Company
“Share Option Scheme”	the share option incentive scheme proposed to be adopted by the Company at the General Meeting
“Shareholder”	a holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscription Price”	an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Vesting Conditions”	the conditions for the vesting of the Options granted under the Proposed Initial Grant as disclosed in section 3.1 of the Board Letter
“Vesting Date”	in relation to any Option Holder, the earliest date stated in the offer on which the Option (or a tranche thereof) granted to him may be exercised by such Option Holder, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Option
“Vesting Period”	in relation to any Option Holder, the period commencing on the date on which the Option Holder accepts the Option granted to him and ending on the Vesting Date (both dates inclusive)

*Notes:*

\* For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.

^ Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.

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LETTER FROM THE BOARD

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*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 06626)**

*Executive Directors:*

Mr. Zhang Jianguo  
Mr. Mao Liangmin  
Mr. Zhang Jin

*Registered Office:*

26/F, Yue Xiu Building  
160 Lockhart Road  
Wanchai  
Hong Kong

*Non-Executive Directors:*

Mr. Lin Feng (*Chairman*)  
Mr. Yao Xiaosheng  
Mr. Yang Zhaoxuan

*Independent Non-Executive Directors:*

Mr. Hung Shing Ming  
Ms. Hui Lai Kwan  
Mr. Chan Yuen Hang Kenneth

26 January 2023

*To the Shareholders*

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF SHARE OPTION SCHEME;**  
**(2) PROPOSED ADOPTION OF THE MANAGEMENT MEASURES;**  
**(3) PROPOSED ADOPTION OF THE APPRAISAL MEASURES;**  
**(4) PROPOSED ADOPTION OF THE INITIAL GRANT PROPOSAL;**  
**AND**  
**(5) NOTICE OF GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the December Announcement in which the Company announced that the Board had conditionally approved the Share Option Scheme, the Initial Grant Proposal and the Proposed Initial Grant.

The purpose of this circular is to provide you with information on (i) the proposed adoption of each of the Scheme Documents; and (ii) the resolutions to be proposed at the General Meeting.

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## LETTER FROM THE BOARD

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### 2. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

#### 2.1. Purpose of the Share Option Scheme

As disclosed in paragraph 1 of Appendix I to this circular, the purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. The rules of the Share Option Scheme have clearly stated that the Share Option Scheme shall be for the exclusive benefit of the employee (whether full-time or part-time) or director of any member of the Group (other than such Excluded Persons), and the Company believes that this aligns with the intention of the Group of providing incentives to the employees and directors of the Group (other than such Excluded Persons) to contribute towards the enhancement of the Group's enterprise value as a whole. The terms of the Share Option Scheme allow the Company to, where it considers appropriate, specify a minimum holding period and performance targets which must be achieved before Options can be vested or exercised by a grantee, and the Appraisal Measures intended to be adopted will also include performance targets for Incentive Targets to be met to ensure that the Incentive Targets are offered meaningful incentive to contribute and work better for the interest of the Group. Similarly, whilst there is a general rule under the Share Option Scheme that the Vesting Period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the date of acceptance of the Offer, the rule of the Share Option Scheme has nonetheless retained flexibility by setting out exceptional circumstances where there may be shorter Vesting Periods as further set out in paragraph 11 of Appendix I. In addition, the basis for the determination of the Exercise Price has been set out in the Share Option Scheme and such basis is determined in accordance with the Listing Rules. The rules of the Share Option Scheme have also set out clawback mechanisms where the Company would be able to clawback the incentives granted to such Incentive Targets who were involved in misconduct, malfeasance, breach of law or other actions which do not conform with the standard expected of the intended targets of the Share Option Scheme. The Company believes that the mechanism of the Share Option Scheme as described above will provide it with flexibility in setting the terms and conditions of the Options which are the most appropriate taking into account the individual circumstances of the relevant Eligible Participants and therefore can facilitate the Company's aim to offer meaningful incentive to attract, retain and motivate talented employees towards the performance goals in business operation and other long-term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group, and hence aligns with the purpose of the Share Option Scheme.

Please refer to the summary of the principal terms of the Share Option Scheme set out in Appendix I to this circular for details of the principal terms of the Share Option Scheme. A copy of the Share Option Scheme will be published on the Company's website ([www.yuexiuservices.com](http://www.yuexiuservices.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for display for a period of not less than 14 days before the date of the General Meeting and will be made available for inspection at the General Meeting.

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## LETTER FROM THE BOARD

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### 2.2. Reasons for the adoption of the Share Option Scheme

The Company does not have an existing share option scheme or incentive scheme of similar nature. In order to improve the Group's medium to long term incentive mechanism to support the long-term development of the Group, to provide incentives to, and to retain, the core employees of the Group, the Board proposed to adopt the Share Option Scheme.

Further, the Board considers it important that employees (whether fulltime or part-time) and directors (other than independent non-executive directors) of each member of the Group be given incentive to work towards enhancing the value and attaining the long-term objectives of the Group. Accordingly, the Board believes that the adoption of the Share Option Scheme can facilitate the long-term development of the Group and is in the interests of the Company and the Shareholders as a whole.

### 2.3. Proposed adoption of the Management Measures and the Appraisal Measures

The Company proposed to adopt the Management Measures, which set out the details for determining the roles and allocating responsibilities amongst relevant departments of the Company in respect of the management and implementation of the Share Option Scheme. Please refer to Appendix II to this circular for the details of the Management Measures.

The Company also proposes to adopt the Appraisal Measures, which set out the details of the appraisal measures in respect of the performance targets of the Company and the assessment grades of the grantees of Options. Please refer to Appendix III to this circular for the details of the Appraisal Measures.

As advised by the Company's Hong Kong legal advisers, both the Management Measures and the Appraisal Measures are in compliance with the relevant rules set out in Chapter 17 of the Listing Rules.

### 2.4. Adoption Conditions

The adoption of the Share Option Scheme is conditional upon the fulfillment of the following conditions (the "**Adoption Conditions**"):

- (a) the passing of an ordinary resolution by the Shareholders at a general meeting of the Company approving: (i) (A) the adoption of the Share Option Scheme, and (B) the grant of authorities to the Directors to (I) grant options to subscribe for Shares in accordance with the rules of the Share Option Scheme and (II) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the Share Option Scheme; (ii) the Management Measures; and (iii) the Appraisal Measures; and
- (b) the Company obtaining the Listing Approval.

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## LETTER FROM THE BOARD

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In relation to the condition set out in (a) above, the General Meeting will be held for the Shareholders to consider and, if thought fit, approve the adoption of the Share Option Scheme, the Management Measures and the Appraisal Measures. Any Shareholder that has a material interest in the Share Option Scheme, the Management Measures and/or the Appraisal Measures will, together with their respective associates, be required to abstain from voting on the resolution to approve the Share Option Scheme, the Management Measures and the Appraisal Measures at the General Meeting.

In relation to the condition set out in (b) above, an application will be made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options up to 10% of the Shares in issue as at the Adoption Date.

### **2.5. Scheme mandate limit**

As at the LPD, there were 1,522,030,177 Shares in issue. Assuming that there is no repurchase or allotment of Shares from the LPD up to and including the Adoption Date, Options to subscribe for up to 152,203,017 Shares may be issued under the Share Option Scheme and any Other Schemes pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of the Shares in issue as at the LPD.

### **2.6. Trustee of the Share Option Scheme**

The terms of the Share Option Scheme do not require the Company to appoint any trustee for the purpose of administering the Share Option Scheme and, as at the LPD, the Company did not intend to appoint a trustee to the Share Option Scheme. As such, there is no issue on whether any Director is a trustee of the Share Option Scheme or having a direct or indirect interest in the trustees of the Share Option Scheme.

### **2.7. Vesting period**

The Vesting Period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the date of acceptance of the Offer. Nonetheless, the Board and the Remuneration Committee are of the view that (a) the Company should retain the flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (b) the Company should be able to formulate its own talent recruitment and retention strategies taking into account the changing market conditions and industry competition, and thus should retain the flexibility to impose vesting conditions that are based on performance instead of time-based vesting criteria depending on individual circumstances.

As such, the Board and the Remuneration Committee are of the view that the shorter vesting period as set out in paragraph 11 of Appendix I to this circular is in line with the market practice and is appropriate and aligns with the purpose of the Share Option Scheme.

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## LETTER FROM THE BOARD

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### 3. INITIAL GRANT PROPOSAL

#### 3.1. Adoption of the Initial Grant Proposal

On 30 December 2022, the Board resolved to approve the adoption of the Initial Grant Proposal subject to the fulfillment of the Initial Grant Conditions. The Initial Grant Proposal contains terms and conditions governing the Proposed Initial Grant, including but not limited to the scope of the Incentive Targets, number of Options allocated and the effective conditions. Under the Initial Grant Proposal, a total of 15,220,300 Options was resolved to be granted to a total of 39 Eligible Participants subject to the fulfillment of the Initial Grant Conditions, which comprises (i) the grant of 1,048,800 Options each to Mr. Mao and Mr. Zhang, each representing approximately 0.07% of the Shares in issue as at the LPD if those Options are fully exercised; and (ii) the grant of a total of 13,122,700 Options to a total of 37 members of the senior management and core employees of the Group, representing approximately 0.85% of the Shares in issue as at the LPD if those Options are fully exercised.

If the Options under the Proposed Initial Grant are fully granted and exercised, they will represent approximately 1% of the Shares in issue as at the LPD. The Proposed Initial Grant complied with the terms of the Share Option Scheme as if the latter has already been adopted by the Shareholders.

Details of the Initial Grant Proposal and relevant information are summarised below.

<b>Date of Grant</b>	30 December 2022
<b>Number of Options granted</b>	An aggregate of 15,220,300 Options
<b>Identity of Grantees and Relationship with the Company</b>	(a) A total of 13,122,700 Options was resolved to be granted to a total of 37 members of the senior management and core employees of the Group; and (b) The remaining 2,097,600 Options were granted to the following directors of the Company:

	<b>Positions held in the Company</b>	<b>Number of Options granted</b>
Mr. Mao Liangmin	Executive Director	1,048,800
Mr. Zhang Jin	Executive Director	1,048,800

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## LETTER FROM THE BOARD

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**Exercise Price** HK\$3.334, representing the highest of:

- (i) the closing price of HK\$3.310 per Share as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; and
- (ii) the average closing price of HK\$3.334 per Share as stated in the Stock Exchange's daily quotation sheet for the five Business Days preceding the Date of Grant

**Closing price of Shares on the Date of Grant** HK\$3.310 per Share

**Validity, Exercise and Vesting Period** Subject to the satisfaction of the Vesting Conditions, all Options granted under the Initial Grant Proposal shall be vested and become exercisable in three tranches as set out in the table below:

<b>Tranche</b>	<b>Vesting date</b>	<b>Percentage of Options vested</b>
First	The first trading day after 24 months from the Date of Grant	33%
Second	The first trading day after 36 months from the Date of Grant	33%
Third	The first trading day after 48 months from the Date of Grant	34%

The Options are valid for 8 years from the Date of Grant unless lapsed pursuant to the terms of the Share Option Scheme as summarised in paragraph 18 of the Appendix to this circular, and may be exercisable during such period provided that the Options are vested.

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## LETTER FROM THE BOARD

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### Vesting Conditions

Set out below are the Vesting Conditions:

- (i) Vesting Conditions: in relation to the Company and in respect of each tranche of the Options granted:
  - (A) the Company's return on equity attributable to shareholders after deducting non-recurring gain or loss (I) shall not be less than 12.8% for the first tranche in 2023, 12.9% for the second tranche in 2024 and 13.0% for the third tranche in 2025 and (II) shall be equal to or greater than that of the average of the Peer Benchmark Companies plus 1%;
  - (B) the Company's growth rate of net profit attributable to shareholders after deducting non-recurring gain or loss in 2023 for the first tranche, 2024 for the second tranche and 2025 for the third tranche (I) as compared to that of 2021 shall be greater than 32%, 52% and 75% respectively and (II) shall be equal to or greater than that of the average of the Peer Benchmark Companies;
  - (C) the Company's receivables turnover ratio in 2023 for the first tranche, 2024 for the second tranche and 2025 for the third tranche shall not be less than 4.2;
  - (D) the proportion of cash dividend shall not be lower than 30% of the Company's distributable net profit in the latest full financial year; and
  - (E) none of the following circumstances having occurred:
    - (I) issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gives an adverse opinion or cannot give an opinion;
    - (II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year; and

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## LETTER FROM THE BOARD

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- (III) other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.
- (ii) Vesting Conditions: in relation to an Incentive Target who has accepted a grant of Options and in respect of each tranche of the Options granted:
- (A) he/she has obtained an assessment grade of “B” for senior management (including executive Directors) and “pass” for core employees of the Group or above in the year preceding the scheduled vesting date in which case the entire tranche of the Options granted will be vested (for the avoidance of doubt, if an Incentive Target who has accepted a grant of Options fails to obtain the aforesaid assessment result, the entire tranche of the Options granted will lapse); and
  - (B) none of the following circumstances having occurred:
    - (I) he/she has been publicly censured or declared as an ineligible candidate by the Stock Exchange during the last three years;
    - (II) he/she has been penalised by regulatory authorities during the last three years due to serious violations of laws or regulations;
    - (III) he/she is prohibited from acting as a director or a member of the senior management of a company by the relevant laws and regulations; or
    - (IV) he/she is determined by the Board to have otherwise seriously violated the Company’s regulations.

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## LETTER FROM THE BOARD

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### **Clawback Arrangements**

Upon the occurrence of any of the following events in relation to an Incentive Target, the Company shall propose to terminate the grant of new Options to him, disqualify him from exercising his outstanding Options, claw back the gain of the Incentive Target derived from the Options, and pursue his corresponding responsibilities in accordance with the laws and relevant regulations:

- (i) The results of the economic responsibility audit and other reports proved that he has failed to perform duties effectively or is involved in serious misconduct and malfeasance.
- (ii) The Incentive Target has contravened the relevant laws and regulations of PRC and/or Hong Kong or the articles of the articles of association of the Company.
- (iii) The Incentive Target has, during his tenure of office, been subject to disciplinary actions due to acceptance or solicitation of bribery, corruption, theft, leakage of the Company's trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company.
- (iv) The Incentive Target has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences.

### **3.2. Initial Grant Proposal Conditions**

The adoption of the Initial Grant Proposal is conditional upon the fulfillment of the following conditions (the “**Initial Grant Conditions**”): (i) the fulfillment of the Adoption Conditions; (ii) the approval of the Initial Grant Proposal by the Shareholders having been obtained; and (iii) the approval of the Initial Grant Proposal by Guangzhou SASAC having been obtained. As at the LPD, none of the Initial Grant Conditions has been fulfilled.

In relation to the condition set out in (ii) above, the General Meeting will be held for the Shareholders to consider and, if thought fit, approve the Initial Grant Proposal. Any Shareholder that has a material interest in the Initial Proposed Grant will, together with their respective associates, be required to abstain from voting on the resolution to approve the Initial Proposed Grant at the General Meeting. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting at the General Meeting.

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## LETTER FROM THE BOARD

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### 3.3. Other Information

Upon the grant of the 15,220,300 Options under the Initial Grant Proposal, based on the assumption that (i) there are no changes to the number of Shares in issue between the LPD and the Adoption Date, (ii) all of the Options under the Initial Grant Proposal have not lapsed and (iii) the Company has not sought Shareholders' approval to refresh the Limit, the additional number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme would be 136,982,717 Shares.

Mr. Mao and Mr. Zhang, both are executive Directors, had abstained from voting on the Board resolution in relation to the grants of the Options to themselves under the Proposed Initial Grant. The grant of Options to Mr. Mao and Mr. Zhang were approved by all the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules.

Save and except for Mr. Mao and Mr. Zhang, none of the Incentive Targets is a Director, chief executive or Substantial Shareholder, or any of their respective associates as at the LPD.

### 4. GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Share Option Scheme will constitute a share option scheme for the purposes of Chapter 17 of the Listing Rules, and therefore the adoption of the Share Option Scheme will be subject to, among others, Shareholders' approval at the General Meeting. As such, the General Meeting will be held to consider and, if thought fit, pass the ordinary resolutions to approve, among other thing, the proposed adoption of each of the Scheme Documents.

A notice convening the General Meeting to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 15 February 2023 at 11:00 a.m. is set out on pages GM-1 to GM-4 of this circular.

The register of members of the Company will be closed from Monday, 13 February 2023 to Wednesday, 15 February 2023, both days inclusive, during which period no transfer of Shares can be registered in order to determine entitlements for attending and voting at the General Meeting. In order to qualify for attending and voting at the General Meeting, all share transfer accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 10 February 2023.

A form of proxy for the General Meeting is enclosed with this circular. Whether or not you are able or intend to attend the General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting if you so wish.

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## LETTER FROM THE BOARD

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Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules, the ordinary resolutions to approve the Scheme Documents at the General Meeting will be taken by poll and an announcement on the results of the General Meeting will be made by the Company after the General Meeting.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting at the General Meeting.

### 5. RECOMMENDATIONS

Having considered the terms of each of the Scheme Documents and taking into account the factor set out in section 2.2 above and the functions and the information regarding the Management Measures, the Appraisal Measures and the Initial Grant Proposal respectively disclosed in sections 2.3 and 3.1 above, the Directors (including the independent non-executive Directors) are of the opinion that the terms of each of the Initial Grant Proposal are fair and reasonable and the adoption of each of the Scheme Documents is in the interests of the Company and the Shareholders as a whole. The Directors, therefore, recommend the Shareholders to vote in favour of the resolutions to be proposed at the General Meeting to approve each of the Scheme Documents.

### 6. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

### 7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board  
**Yuexiu Services Group Limited**  
**LIN Feng**  
*Chairman*

*Set out below is a summary of the principal terms of the Share Option Scheme.*

**1. PURPOSE**

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. The basis of eligibility of any of the Eligible Participants to the grant of Options shall be determined by the Board from time to time at its absolute discretion on the basis of his/her contribution or potential contribution to the development and growth of the Group.

**2. DURATION OF THE SHARE OPTION SCHEME**

The Share Option Scheme shall be valid and effective for the period commencing on the Adoption Date and expiring at 5:00 p.m. on the Business Day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in general meeting as disclosed in paragraph 21 of this Appendix. Upon termination of the Share Option Scheme, no further Options may be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

**3. PARTICIPANTS**

Only the Eligible Participants may be granted Options. On and subject to the terms of the Scheme, the Board may, on a Business Day during the Scheme Period, at its absolute discretion (and subject to any conditions as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an Option must be held before it can be exercised) make an offer in writing (in such form as the Board may from time to time determine) to an Eligible Participant an Option to subscribe at the Exercise Price for such number of Shares as the Board may determine.

**4. ACCEPTANCE OF A GRANT**

Any grant may be accepted on or before the date specified in the grant (or at such other time and in such other manner as the Board may otherwise determine, including but not limited to an agreement in relation to the grant of the Options between an Eligible Participant and the Company) provided that no grant shall be open for acceptance after the expiry of the Scheme Period or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An amount of HK\$1.00 is payable by an Eligible Participant on acceptance of a grant.

**5. EXERCISE PRICE**

The price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which shall be a Business Day; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant;

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

The total subscription price payable upon exercise of an Option shall be an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised.

**6. MAXIMUM NUMBER OF SHARES FOR WHICH OPTIONS MAY BE GRANTED**

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any Other Schemes shall not in aggregate exceed the Limit. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Limit.

The Company may seek approval by Shareholders in general meeting to refresh the Limit provided that:

- (a) the Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed Limit;
- (b) a circular containing the number of Options that were already granted under the existing Limit and the reason for the refreshment shall be despatched to the Shareholders together with the notice of the relevant general meeting;
- (c) the Limit may be refreshed by Shareholders' approval once every three years;
- (d) any refreshment of the Limit within any three-year period must be approved by the independent Shareholders, being any Shareholders other than controlling Shareholders and their associates or, where there is no controlling Shareholder, any Shareholders other than the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their associates and the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules; and

- (e) the requirements under paragraph (d) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

The Company may seek separate Shareholders' approval in general meeting to grant Options beyond the Limit or the refreshed Limit (as the case may be) provided that the Options in excess of the Limit or the refreshed Limit (as the case may be) are granted only to Eligible Participants specifically identified by the Company before such approval is sought and provided further that a circular containing the name of each of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose shall be dispatched to the Shareholders together with the notice of the relevant general meeting. The number and terms of Options to be granted to such participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price.

#### **7. MAXIMUM NUMBER OF OPTIONS TO EACH PARTICIPANT**

The total number of Shares issued and to be issued upon the exercise of all Options granted to each Eligible Participant (excluding any Options lapsed in accordance with the terms of the Scheme) in any period of twelve (12) consecutive months up to and including the date of such grant shall not exceed 1% of the Shares in issue.

The Company may grant further Options in excess of the limit set out in the preceding paragraph, subject to Shareholders' approval in general meeting, at which the Eligible Participant involved and his/her close associates (or his/her associates if the Eligible Participant is a connected person) shall abstain from voting, and the following provisions shall apply:

- (a) a circular containing the identity of the Eligible Participant involved, the number and terms of Options to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose shall be despatched to the Shareholders together with the notice of the relevant general meeting;
- (b) the number and terms of Options to be granted to the Eligible Participant involved shall be fixed before the general meeting; and
- (c) the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

**8. GRANT OF OPTIONS TO DIRECTORS, CHIEF EXECUTIVES AND SUBSTANTIAL SHAREHOLDERS**

Any grant of Options to a Director or chief executive of the Company or any of their respective associates must be approved by all independent non-executive Directors excluding any independent non-executive Director who is proposed to be an Option Holder.

Any grant of Options to an independent non-executive Director or a Substantial Shareholder or any of their respective associates must be approved by the Shareholders other than the grantee, his/her associates and all core connected persons of the Company for grants of Options in excess of 0.1% of the Shares in issue over any period of twelve (12) consecutive months.

In the circumstances described in the two preceding paragraphs, the Company shall despatch a circular to the Shareholders together with the notice of the relevant general meeting. The grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The circular shall contain:

- (a) the number and terms of Options to be granted, which shall be fixed before the general meeting;
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the Independent Shareholders as to voting; and
- (c) information required under Rule 17.02(2)(c) and Rule 2.17 of the Listing Rules.

The date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price.

**9. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

For so long as the Shares are listed on the Stock Exchange:

- (a) no grant shall be made after any inside information has come to the knowledge of the Company until such inside information has been published in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:
  - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Exchange Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Exchange Listing Rules); and

- (ii) the deadline for publishing of an announcement of the Company's results for any year or half-year under the Exchange Listing Rules, or quarterly or any other interim period (whether or not required under the Exchange Listing Rules),

and ending on and including the date of the results announcement, no grant may be made; and

- (b) the Directors must not make any grant to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company.

## **10. TRANSFERABILITY OF OPTIONS**

An Option shall be personal to the Option Holder and shall not be transferable or assignable. No Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option or otherwise use the Options as security or to repay debts, save for the designation of a beneficiary or beneficiaries to receive the rights and benefits of his/her Option or the transmission of the Option to his/her personal representative(s) in the event of his/her death, on the terms of the Share Option Scheme. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder without incurring any liability on the part of the Company.

The Stock Exchange may consider granting a waiver to allow a transfer to a vehicle (such as a trust or a private company) for the benefit of the Option Holder and any family members of such Option Holder (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Share Option Scheme and comply with Chapter 17 of the Listing Rules. Where such waiver is granted, the Stock Exchange shall require the Company to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.

## **11. EXERCISE AND VESTING PERIODS OF THE OPTIONS**

Subject to the provisions of the Share Option Scheme and the terms and conditions of the relevant grant(s), Options may be exercised by an Eligible Participant (or in the case of his death, his designated successor or legal successor and including the personal representative(s)), in whole or in part, at any time during the Option Period.

In order for the exercise of an Option to be effective, the secretary of the Company (or such other officers or department as the Board may designate from time to time) must, prior to the expiry of the Option Period, have received, among other things, a written notice exercising the Option and payment in full of the Subscription Price. Unless otherwise agreed between the Company and the Option Holder, Shares in respect of an Option shall be issued within twenty-eight (28) days of the date upon which the exercise of the Option becomes effective.

The Vesting Period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:

- (a) an Employee Participant who is a Director or a Senior Manager specifically identified by the Company, the Remuneration Committee shall, or
- (b) an Employee Participant who is not a Director nor a Senior Manager specifically identified by the Company, the Directors shall have the authority to determine a shorter Vesting Period under the following circumstances:
  - (i) grants of “make-whole” Options to new Employee Participants to replace the awards or options such Employee Participants forfeited when leaving the previous employer;
  - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
  - (iii) grants that are made in batches during a year for administrative and compliance reasons;
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months;
  - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
  - (vi) the Remuneration Committee (or as the case may be, the Directors) is of the view that a shorter vesting period is appropriate and serves the purpose of the Scheme.

## **12. RIGHTS OF EXERCISE**

### **(a) Minimum period of holding and performance targets**

Unless otherwise determined by the Board and specified in the document of grant, there is no minimum period for which an Option must be held before it can be exercised and no performance target needs to be achieved by the grantees of Options before the Options can be exercised. Details of the performance targets need to be achieved are set out in the Appraisal Measures.

### **(b) Rights on cessation of employment due to ill health or death etc.**

If an Option Holder ceases to be an Eligible Participant during any relevant Option Period:

- (i) by objective reason(s) of, among other things, ill health, transfer to the Company’s holding companies or the Company’s fellow subsidiaries as arranged by the Company or such objective reasons on the part of the Company (such as redundancy, change of

business), retirement, death, incapacity for civil conducts (the Board has the authority to request the Eligible Participants to provide evidence in respect of the relevant reasons) which causes the rescission or termination of the employment relationship between the Company and an Eligible Participant; or by reason(s) of failure in individual performance appraisal or the incompetency at the original position which results in a demotion; or by reason(s) on the part of the Company which causes a change in an Eligible Participant's office which, as a result, an Eligible Participant ceased to be eligible as an Eligible Participant, those Options granted and which have satisfied the vesting conditions and become exercisable can be exercised within six (6) months upon the occurrence of the circumstances described in this rule, failing which such Options and those Options which have not yet become exercisable shall lapse and determine after the said six months' period;

- (ii) by reasons of the resignation of the Eligible Participant, or rescission or termination of the employment relationship between the Company (or its operating units) and an Eligible Participant (provided that the aforesaid resignation, rescission or termination is not resulted from the circumstances set out in (i) above), all his/her Options (including those which are exercisable and not yet exercised) shall lapse and determine upon the aforesaid resignation, rescission or termination,

provided always that in each of the cases of (i) and (ii) above the Board may in its absolute discretion decide that such Options shall not so lapse or determine subject to such conditions or limitations as the Board may determine.

### **13. SPECIAL CIRCUMSTANCES: IN RELATION TO THE COMPANY**

- (a) In case of change of control, merger, spin-off or voluntary winding up of the Company, the exercise of those Options which have been granted but have not yet become exercisable (i) shall not be accelerated or (ii) shall not be moved forward in terms of the exercise arrangement.
- (b) Upon the occurrence of any of the following events in relation to the Company, the Company shall propose that those Options exercisable in the year in which any of the following events occurred shall lapse and the implementation of the relevant phase(s) of Options granted shall be terminated, and upon the consideration and approval of the Board, no new Options shall be granted to the Eligible Participants within one year after the relevant resolution of the Board has become effective:
  - (i) failure of the Company to engage an accounting firm to conduct auditing work in accordance with the prescribed procedures and requirements;
  - (ii) a certified public accountant issued an adverse opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountants was unable to give an opinion;

- (iii) the regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company; or
- (iv) material breach of rules and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.

**14. SPECIAL CIRCUMSTANCES: IN RELATION TO THE ELIGIBLE PARTICIPANTS**

Upon the occurrence of any of the following in relation to an Eligible Participant, all his/her Options which have not yet been exercised shall lapse automatically, and the Company shall propose that no new Options shall be granted to him/her and shall claw back the gain of the Eligible Participant derived from the Options:

- (a) the results of the economic responsibility audit and other reports proved that he/she has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (b) an Eligible Participant has contravened the relevant laws and regulations of PRC and/or Hong Kong or the articles of the articles of association of the Company;
- (c) an Eligible Participant has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company; or
- (d) an Eligible Participant has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences.

**15. OTHER SPECIAL CIRCUMSTANCES**

- (a) If during the implementation of any phase of Options granted, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with the arrangements in respect of the grant of Options or vesting of the Options of the relevant phase(s) of grant, the Options of all the Eligible Participants granted under the relevant phase(s) of grant which have not yet been exercised shall lapse automatically, and the Company shall claw back all the gain of all the Eligible Participants derived from the Options granted under the said relevant phase(s) of grant and shall not grant new Options to those Eligible Participants who are liable for the issues on the financial and accounting documents of the Company or the information disclosure documents of the Company described under this paragraph.
- (b) Subject to the compliance of the applicable laws, rules and regulations, the Board may deal with the Options involved in the circumstances in respect of the Company or the Eligible Participants which are not specified under paragraphs 13, 14 or 15(a) above at its sole discretion.

**16. RANKING OF SHARES ISSUED UPON EXERCISE OF OPTIONS**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the constitution of the Company for the time being in force and shall not carry voting rights until the registration of the Option Holder (or any other person nominated by the Option Holder) as the holder thereof in the register of members of the Company. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option becoming effective, a dividend or other distribution is to be or is proposed to be paid or made to the Shareholders by reference to a record date prior to the date of entry of such Option Holder in the register of members of the Company, the Shares to be allotted and issued upon the exercise will not rank for such dividend or distribution. Subject as aforesaid, Shares allotted and issued upon the exercise of an Option shall rank *pari passu* in all respects with the Shares in issue on the date of the entry of such Option Holder in the register of members of the Company including in respect of those rights arising on a liquidation of the Company.

**17. VARIATION IN THE SHARE CAPITAL OF THE COMPANY**

Upon variation in the share capital of the Company in the event of a capitalisation issue, bonus issue, rights issue, open offer, sub-division or consolidation of shares or reduction of capital (“**Adjustment Relevant Event**”), the number of Shares comprised in each Option and/or the Exercise Price thereunder, subject to the compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time), the terms of the grant and the provisions as set out below, be adjusted in any manner as the Board may deem appropriate.

- (a) Adjustment of the Shares comprised in an Option for the occurrence of any Adjustment Relevant Event before the exercise of an Option

- (i) Capitalisation issue, bonus issue or sub-division of shares

Number of Shares comprised in each Option after adjustment = number of Shares comprised in each Option before adjustment x (1 + number of Shares per Share increased after capitalisation issue, bonus issue or sub-division of Shares)

- (ii) Consolidation of Shares

Number of Shares comprised in each Option after adjustment = number of Shares comprised in each Option before adjustment x ratio of consolidation of Shares

- (iii) Rights issue or open offer

Number of Shares comprised in each Option granted after adjustment = number of Shares comprised in each Option before adjustment x closing price on the shareholding registration date x (1 + ratio of the rights issue or open offer) ÷ (closing price on the shareholding registration date + price of the rights issue or open offer x ratio of the rights issue or open offer)

(iv) Reduction of capital

Such method in compliance with applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) as the Board may determine

(b) Adjustment of the Exercise Price of an Option for the occurrence of any Adjustment Relevant Event before the exercise of an Option

(i) Capitalisation issue, bonus issue or sub-division of shares

Exercise Price after adjustment = Exercise Price before adjustment ÷ (1 + number of additional Shares per Share after capitalisation issue, bonus issue or sub-division of Shares)

(ii) Consolidation of Shares

Exercise Price after adjustment = Exercise Price before adjustment ÷ ratio of consolidation of Shares

(iii) Rights issue or open offer

Exercise Price after adjustment = Exercise Price before adjustment x (closing price on the shareholding registration date + price of the rights issue or open offer x ratio of the rights issue or open offer) ÷ (closing price on the shareholding registration date x (1 + ratio of the rights issue or open offer))

(iv) Reduction of capital

Such method in compliance with applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) as the Board may determine

The adjustments made pursuant to the above provisions are subject to compliance with the applicable laws and regulations (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).

## **18. LAPSE OF OPTION**

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date on which the Option Holder commits a breach referred to in paragraph 10 of this Appendix;

- (c) the expiry of the periods referred to in paragraph 12(b)(i) or (ii) of this Appendix;
- (d) the occurrence of any event specified in paragraph 14 of this Appendix; and
- (e) the occurrence of any event specified in paragraph 15(a) of this Appendix.

An Option may also be lapsed pursuant to other provisions of the Share Option Scheme, including but not limited to the circumstances referred to in paragraph 13(b) above or pursuant to the conditions imposed by the Board according to the powers conferred on it under the Share Option Scheme.

## **19. ALTERATION OF THE SHARE OPTION SCHEME**

The Board may from time to time in its absolute discretion waive or amend any of the rules of the Share Option Scheme as it deems desirable, provided that, except with the prior approval by the Shareholders in general meeting, no alteration shall be made to any of the terms and conditions of the Share Option Scheme which are of a material nature or the rules relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Option Holders (present or future) or Eligible Participants. Further, any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). Any change in the terms of Options granted to a Director, chief executive of the Company or Substantial Shareholder, or any of their respective associates, must be approved by the Shareholders if the initial grant of the Options requires such approval. This provision does not apply where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme and/or any Options pursuant to this paragraph 19 must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board to alter the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

## **20. CANCELLATION OF OPTIONS**

Any Options granted but not exercised may be cancelled subject to approval by the relevant Option Holder. Issuance of new Options to the same Option Holder may only be made by the Company under the Share Option Scheme within the Limit approved by Shareholders pursuant to Rule 17.03B or Rule 17.03C of the Listing Rules. The Options cancelled will be regarded as utilised for the purpose of calculating the Limit.

**21. TERMINATION OF THE SHARE OPTION SCHEME**

The Company by an ordinary resolution in general meeting may at any time terminate the operation of Share Option Scheme and in such event no further Options will be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the Share Option Scheme.

**22. ADMINISTRATION OF THE SHARE OPTION SCHEME**

The Share Option Scheme shall be subject to all the applicable laws, rules and regulations and requirements of the competent authorities and shall be subject to the administration of the Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

**23. CONDITIONS PRECEDENT OF THE SHARE OPTION SCHEME**

The adoption of the Share Option Scheme is conditional upon the fulfillment of the Adoption Conditions.

*The Management Measures was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistency between the Chinese and the English versions, the Chinese version shall prevail.*

## **Yuexiu Services Group Limited** **越秀服務集團有限公司**

### **The Management Measures of the Share Option Incentive Scheme**

#### **Chapter I General Rules**

**Clause 1** In order to implement the share option incentive scheme of Yuexiu Services Group Limited (hereinafter referred to as “**Yuexiu Services**”, “**the Company**” or “**Company**”), to determine which are the management organizations of the share option incentive scheme and their responsibilities, the implementation process, the granting and exercise procedures, the handling of special circumstances, etc., the Measures are hereby formulated.

**Clause 2** The Measures are formulated according to the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”), the Trial Measures for Implementing Option Incentives in State-controlled Listed Companies (Overseas) (Guo Zi Fa Fen Pei [2006] No. 8), the Notice on Regulating the Issues Relating to the Implementation of Option Incentives System in State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171), the Notice of the State-owned Assets Supervision and Administration Commission on the Issuance of the Guidelines for the Implementation of Option Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178), the Articles of Association of Yuexiu Services Group Limited (hereinafter referred to as the “Articles”) and other relevant laws, regulations, rules, combined with the Share Option Incentive Scheme of Yuexiu Services Group Limited (Draft) (hereinafter referred to as the “Incentive Scheme” or the “Scheme”) and the Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Services Group Limited (Draft). The Measures shall come into effect after they have been considered and approved at the general meeting of the Company.

Unless otherwise specified, the terms used in the Measures shall have the same meanings as those used in the Incentive Scheme.

#### **Chapter II Management Organizations and their Responsibilities**

**Clause 3** Responsibilities of the general meeting of the Company

- (i) To consider and approve the Incentive Scheme as the supreme authority of the Company;

- (ii) To consider and approve the changes to, and termination of, the Incentive Scheme according to the Incentive Scheme;
- (iii) To authorize the Board of Directors to deal with the specific matters regarding the implementation of the Incentive Scheme;
- (iv) Other responsibilities stipulated by the relevant laws and regulations, the Articles and the Incentive Scheme.

**Clause 4** Responsibilities of the Board of Directors

- (i) To grant Options to Incentive Targets according to the Incentive Scheme and handle related matters according to the Incentive Scheme and other relevant regulations;
- (ii) To consider and approve the persons nominated to be the Incentive Targets;
- (iii) To consider and approve the proposals for grant of Options, including but not limited to the determination of the date of grant, Exercise Price, performance conditions for the grant, performance conditions for exercise, exercise arrangements, etc.;
- (iv) To adjust the number and exercise price of Options in accordance with the requirements of the Incentive Scheme and the relevant grant proposals upon capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue and open offer as prescribed in the relevant grant proposals or upon the occurrence of other circumstances prescribed in the grant proposals. The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time);
- (v) To handle those matters in relation to the Options which have been exercised or have not yet been exercised in accordance with the requirements of the Incentive Scheme and the relevant grant proposals upon the occurrence of the special circumstances in relation to the Company or the Incentive Targets as prescribed in the relevant grant proposals, such as departure from office, retirement or death;
- (vi) To determine whether to claw back the gain of the Incentive Targets obtained from the exercise of Options in accordance with the requirements of the Incentive Scheme and the relevant grant proposals;
- (vii) To consider whether the vesting periods of Options of the Incentive Targets (other than Directors and senior management) is less than 12 months as prescribed in Rule 17.03F of the Listing Rules; and

(viii) To implement other necessary management of the Incentive Scheme and the relevant grant proposals.

**Clause 5** Responsibilities of the Remuneration Committee of the Board of Directors

Verification of those Incentive Targets in the list who are Directors or senior management and the number of Options to be granted to them in accordance with the terms of reference of the Remuneration Committee, and submit the same to the Board of Directors for its consideration, and consideration of whether the vesting periods of Options of the Incentive Targets who are Directors and senior management is less than 12 months as prescribed in Rule 17.03F of the Listing Rules.

**Clause 6** The Main Responsibilities of the Executive Departments

The executive departments of the Incentive Scheme including the Human Resources Department, the Capital Operation Department, the Finance Department are responsible for assisting the Board of Directors and the Remuneration Committee in carrying out the work related to Options within their respective scope of the terms of reference and leading and coordinating each and every piece of work in respect of the share options incentives. The responsibilities of each executive department in carrying out the Incentive Scheme are as follows:

(i) Human Resource Department

1. Responsible for the formulation of the Scheme and the drafts of each grant proposal, which includes key elements such as the scope of the grant, the number of grant, the effectiveness arrangement, the performance conditions of the grant and the performance conditions for the grant to become effective, etc.;
2. Responsible for consolidating the annual performance appraisal results of individual Incentive Target;
3. Responsible for reviewing the eligibilities of the Incentive Targets to accept the grant, whether the effectiveness conditions have been satisfied and the quantity of the Options that has become effective, and organizing the signing of the grant documents together with the Capital Operation Department;
4. Responsible for the daily management of the Scheme, calculation and verification of the number of Options granted to the Incentive Targets in each phase that have become effective and lapsed and notifying the Incentive Targets the number of Options that have become effective or lapsed;
5. Responsible for record management such as keeping all documents and files related to the Scheme;

6. Responsible for communicating and reporting to the Yuexiu Group on the Scheme and the status of the effectiveness and exercise under each phase of grant;
7. Responsible for formulating the adjustments to the Exercise Price and number of Options granted in accordance with the Scheme and submitting them to the Board of Directors for consideration and approval.

(ii) Capital Operation Department

1. Responsible for organizing the meetings of the Remuneration Committee, the meetings of the Board of Directors and the general meetings of the Company for the purposes of the consideration of the Scheme and each grant proposal and relevant resolutions by the aforementioned organizations (as applicable) pursuant to the Listing Rules and the Articles;
2. Responsible for communicating and exchanging information on the Scheme with the capital markets, shareholders and the media (if required);
3. Responsible for contacting relevant regulatory authorities and processing information disclosure documents in accordance with relevant regulatory requirements;
4. Responsible for explaining or consulting with relevant institutions on legal issues related to the Scheme, drafting and improving relevant legal documents;
5. To assist the Human Resources Department in keeping the records and the statistics of grant, the coming into effect, changes, lapse and exercise of the Options.

(iii) Finance Department

1. Responsible for analyzing and assessing the satisfaction of the performance conditions for effectiveness;
2. Responsible for calculating the actual achievement of the Company's annual performance indicators and the statistics of the actual achievement of the annual performance indicators of enterprises in the same industry;
3. Responsible for the valuation of Options granted and the related accounting treatment in the periodic reports of the listed company in respect of each phase of grant;
4. Responsible for providing the spot exchange rate for the conversion between RMB and HKD and assisting the Human Resources Department in verifying the gain of the Incentive Targets obtained from the exercise of Options;

5. Responsible for the payment of the gain from the exercise of Options and related accounting treatment.

### Chapter III The Implementation Procedures of the Scheme

#### Clause 7 Consideration and Approval of the Scheme

Before the Company formally implements the Scheme, the Scheme and relevant documents shall be submitted to Yuexiu Group and the State-owned Assets Supervision and Administration Commission of Guangzhou for approval and shall be approved by the Board of Directors and the general meeting of the Company as necessary in accordance with the Listing Rules and the Articles.

#### Clause 8 The Procedures of the Grant of Options

- (i) The Remuneration Committee shall be responsible for verifying those Incentive Targets in the list who are directors or senior management and the number of Options to be granted to them in accordance with the terms of reference, and submitting the same to the Board of Directors for its consideration, and the Board of Directors shall determine the date of grant, the Exercise Price and other terms of the grant in accordance with the Scheme;
- (ii) The Human Resources Department shall notify each Incentive Target of the number of Options granted, the Exercise Price and the effectiveness arrangement and other relevant information by sending the grant agreement (in triplicate) (or any other manner designated by the Board of Directors from time to time) to the Incentive Target;
- (iii) The Incentive Target shall confirm whether or not he or she accepts the Options granted within five business days and return the signed grant agreement (returning two copies and one for his own retention) on or before 5:00 p.m. on the fifth business day (or any other time designated by the Board of Directors from time to time), and the Human Resources Department shall issue an Option Certificate to the Incentive Target in accordance with the requirements of the Incentive Scheme;
- (iv) The Human Resources Department shall file and keep all the Option grant agreements returned to it;
- (v) The Human Resources Department shall establish individual accounts of Options for the Incentive Targets and manages the information of Option properly;
- (vi) The Capital Operation Department shall make relevant disclosure of information in relation to the grant of Options;

- (vii) The Human Resources Department shall report the status of the grant of Options to the Yuexiu Group and the State-owned Assets Supervision and Administration Commission of Guangzhou for record.

**Clause 9**      The procedures for the Options to become effective

- (i) In each effective year, the Capital Operation Department, in conjunction with the Finance Department, shall analyze and assess the fulfillment of, among other things, the financial and performance conditions for the coming into effect of the Options based on the extent of the actual achievement of the annual performance indicators by the Company in comparison with the Peer Benchmark Companies;
- (ii) The Human Resources Department shall consolidate the individual annual performance appraisal results of all Incentive Targets;
- (iii) The Human Resources Department shall, based on the effectiveness arrangement of the Options, the effective performance conditions and the actual achievement value of the performance indicators and the annual performance appraisal results of the individual Incentive Targets, calculate the number of Options which have become effective and the number of Options that have lapsed and submit them to the Board of Directors for its consideration;
- (iv) The Human Resources Department shall keep proper record of the number of Options which have become effective and the number of Options that have lapsed;
- (v) The Human Resources Department shall notify the Incentive Targets of the number of Options which have become effective and the number of Options that have lapsed.

**Clause 10**      Procedures for the Exercise of Options

- (i) Within 28 business days prior to the scheduled effective date of the Option, the Human Resources Department shall notify the Incentive Target of the effective date and the number of effective Options by Email;
- (ii) The Incentive Target shall submit the “Application for the Exercise of Options” to the Capital Operation Department in order to apply for the exercise of Options and to ascertain the number of Options to be exercised for each phase of grant, and shall submit the relevant Option Certificate at the same time;
- (iii) After the eligibilities for exercising the Options and the effective conditions have been confirmed by the Human Resources Department, the Capital Operation Department shall prepare the relevant legal documents for the exercise of Options;

- (iv) The Incentive Targets shall pay the subscription monies for the exercise of Options to the account designated by the Company. Within 28 working days after the exercise of Options, the Capital Operation Department shall deliver the certificates for the shares issued upon the exercise of Options to the Incentive Targets or transfer all the shares under the exercise of Options to personal securities accounts of the Incentive Targets;
- (v) The Human Resources Department shall calculate the gain from the exercise of Options, and consolidate and tabulate the information on the number of Options exercised, the remaining effective number and the gain from this exercise of the Incentive Targets;
- (vi) The Human Resources Department shall calculate the gain from the exercise of Options made by the Incentive Targets based on the share price on the exercise date;
- (vii) The Capital Operation Department shall disclose the relevant information relating to the exercise of Options in accordance with the relevant laws and regulations;
- (viii) The Human Resources Department shall file the information regarding the exercise of Options with the Yuexiu Group and the State-owned Assets Supervision and Administration Commission of Guangzhou.

#### **Chapter IV Internal Control Procedure for the Options**

##### **Clause 11** System and Procedures for Process Control

- (i) The Board of Directors shall be the ultimate authority for the interpretation and validation of the Scheme;
- (ii) Each functional department of the Company is responsible for special affairs, and various important affairs such as appraisal and determination of eligibilities shall be handled by different departments and supervised by each other.

##### **Clause 12** Control of the Implementation Procedures

The effectiveness and correctness of the Scheme are to be ensured through training, consultation and complaint mechanism. If the regulatory authorities of the State-owned assets or other regulatory authorities modify the implementation procedures of the Incentive Scheme, this document must also be modified simultaneously and must be implemented in accordance with the latest requirements of the regulatory authorities of the State-owned assets or other regulatory authorities before the modifications.

**Chapter V Daily Management of the Scheme****Clause 13** Disclosure of Information

- (i) The Board of Directors of the Company shall continue to comply with the public information disclosure and reporting obligations in accordance with the relevant requirements of the applicable laws and regulations;
- (ii) The Company shall disclose in its periodic reports the information required by the applicable domestic and foreign laws and regulations.

**Clause 14** Finance and Taxation

- (i) All management expenses and handling fees incurred by the Company in implementing the Incentive Scheme shall be borne by the Company; the Company shall not provide loans or any form of financial assistance to the Incentive Targets for the exercise of the Options;
- (ii) The Company shall handle the individual income tax and other taxes payable by the Incentive Targets in accordance with the requirements of the relevant tax laws and regulations of the country/region where the Incentive Target is domiciled.

**Chapter VI Supplementary Provisions**

**Clause 15** The Board of Directors of the Company shall be responsible for the interpretation of the Measures and the Measures shall be implemented after the approval of the general meeting of the Company having been obtained.

*The Appraisal Measures was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistency between the Chinese and the English versions, the Chinese version shall prevail.*

## **Yuexiu Services Group Limited** **越秀服務集團有限公司**

### **The Appraisal Measures of the Share Option Incentive Scheme**

In order to ensure the smooth implementation of the Share Option Incentive Scheme of Yuexiu Services Group Limited (herein after referred to as “Yuexiu Services” or the “Company”), to further improve the corporate governance structure of the Company, to form a well-balanced system for the allocation of the Company’s value among the employees, to stimulate the work enthusiasm of the senior management members and the core employees of the Company, to ensure the steady improvement of the Company’s performance, and to ensure the realization of the Company’s development strategy and business objectives, the Measures are hereby formulated in accordance with the relevant national regulations and the actual situation of the Company.

#### **1. Purposes of the Appraisal**

The purpose is to further improve the corporate governance structure of the Company, establish and improve the conditional incentive mechanism of the Company, ensure the smooth implementation of the Share Option Incentive Scheme, and maximize the effect of the Share Option Incentive Scheme, and realise the development strategy and business objectives of the Company.

#### **2. Principles of the Appraisal**

The appraisal must adhere to the principles of justice, openness and fairness, and be carried out strictly in accordance with the Measures and the performance of the appraisal targets, so as to achieve the close integration between the Share Option Incentive Scheme and the work performance and contribution of the Incentive Targets, and to enhance the management performance and maximize the interests of the Company and all shareholders.

#### **3. Scope of the Appraisal**

The Measures apply to all Incentive Targets under the Share Option Incentive Scheme of the Company, including the Company’s senior management members and core employees.

#### **4. Bodies of the Appraisal**

The Board of Directors of the Company is the leading decision-making body for the appraisal work in relation to the Share Option Scheme, and the Human Resources Department of the Company is responsible for the routine work of the appraisal in relation to the Share Option Scheme.

**5. Indicators and Standards of the Performance Appraisal**

**(1) Grant Appraisal**

A proposed incentive target may become an Incentive Target only after the following individual performance appraisal conditions are met.

<b>Proposed incentive targets</b>	<b>Individual performance appraisal results for the previous year</b>
Senior management members	Grade B and above
Core employees	The results of talent inventory are in the 4th quadrant and above

**(2) Vesting Appraisal**

Options may be exercised in accordance with the relevant grant proposals only after both the Company and the Incentive Targets meet the following conditions and other conditions set forth in the Share Option Incentive Scheme. If the exercise conditions are not met, the corresponding percentage of the Options for that year cannot be exercised and shall be cancelled.

*a. Appraisal at the Company Level*

The performance appraisal conditions at the effective date of the Options are as follows:

<b>Effectiveness arrangements</b>	<b>Performance appraisal targets</b>
Effective conditions of the first tranche	<ul style="list-style-type: none"> <li>• The return on equity attributable to shareholders after deducting non-recurring gains or losses for 2023 shall not be less than 12.8% and shall be equal to or greater than the industry average level plus 1%;</li> <li>• The growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses from 2023 as compared to that of 2021 shall be greater than 32.0% and shall be equal to or greater than the industry average level;</li> <li>• The turnover ratio of accounts receivable in 2023 shall not be less than 4.2;</li> <li>• Cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the Company’s net profit available for distribution for that financial year.</li> </ul>

- |  |  |
|--|--|
| Effective conditions of the second tranche | <ul style="list-style-type: none"><li>• The return on equity attributable to shareholders after deducting non-recurring gains or losses for 2024 shall not be less than 12.9% and shall be equal to or greater than the industry average level plus 1%;</li><li>• The growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses from 2024 as compared to that of 2021 shall be greater than 52.0% and shall be equal to or greater than the industry average level;</li><li>• The turnover ratio of accounts receivable in 2024 shall not be less than 4.2;</li><li>• Cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the Company's net profit available for distribution for that financial year.</li></ul> |
| Effective conditions of the third tranche  | <ul style="list-style-type: none"><li>• The return on equity attributable to shareholders after deducting non-recurring gains or losses for 2025 shall not be less than 13.0% and shall be equal to or greater than the industry average level plus 1%;</li><li>• The growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses from 2025 as compared to that of 2021 shall be greater than 75.0% and shall be equal to or greater than the industry average level;</li><li>• The turnover ratio of accounts receivable in 2025 shall not be less than 4.2;</li><li>• Cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the Company's net profit available for distribution for that financial year.</li></ul> |

*Note 1:* If, during the validity period of the Scheme, the Company effects major asset acquisitions, restructures, public or non-public offerings of shares or other events that may have a significant impact on the assets of the Company, the impact of such events shall be excluded from the annual vesting appraisal, and the newly added net assets and corresponding net profits shall not be included in the calculation of the increase in net assets and net profits during the validity period of the Incentive Scheme for the purpose of performance appraisal.

*Note 2:* If, during the validity period of the Scheme, there is a significant impact on the operations of the Company resulting from major changes in national policies or the implementation of corresponding strategic initiatives by enterprises in response to national policies, the Board of Directors of the Company may adjust or modify the above performance indicators or levels if it deems necessary, provided that the corresponding adjustments or modifications shall be approved at the general meeting and reported to the State-owned Assets Supervision and Administration Commission of Guangzhou for record.

If any of the indicators fails to meet the set performance appraisal targets for the Options to become effective, the Options scheduled to become effective in the current year shall not be effective and shall be cancelled.

*b. Appraisal at the Incentive Targets Level*

After the Company has met the above performance requirements, the Options of the Incentive Targets scheduled to become effective in the current period may become effective according to the effectiveness arrangements, and the actual proportion becoming effective shall be determined based on the results of individual performance appraisal.

Individual performance of the Incentive Targets for the three fiscal years from 2023 to 2025 is evaluated according to relevant performance appraisal measures of the Company, and the number of Options may be vested in the Incentive Targets depends on the performance appraisal results for the appraisal years.

Number of Options exercisable in the current period = number of Options exercisable under the targets for the current period × exercise proportion

Senior management members:

<b>Individual performance appraisal results for the previous year</b>	<b>Proportion of the relevant tranche of options that may become effective</b>
Grade B and above	100%
Below Grade B	0%

Core employees:

<b>Individual performance appraisal results for the previous year</b>	<b>Proportion of the relevant tranche of options that may become effective</b>
Qualified and above	100%
Below Qualified	0%

**6. Appraisal Period and Frequency**

**(1) Appraisal Period**

The fiscal year immediately before the Options become exercisable by the Incentive Targets.

**(2) Appraisal Frequency**

Once per year in the exercise year for the Incentive Targets.

**7. Appraisal Procedures**

The Finance Department is responsible for compiling the statistics of the Company's performance appraisal results, and the Human Resources Department is responsible for compiling the statistics of the individual performance appraisal results. The Human Resources Department shall compile a performance appraisal report based on the Company's performance appraisal results and the individual performance appraisal results and submit such report to the Board of Directors of the Company for consideration and approval.

**8. Appraisal Results Management**

Any employee who disagrees with his/her individual appraisal results may lodge an appeal in accordance with the relevant provisions of the "Performance Management Measures for Yuexiu Services Group Limited". The Human Resources Department shall review the appeal and provide feedback to the employee in accordance with the relevant procedures.

**9. Supplementary Provisions**

The Board of Directors of the Company shall be responsible for the interpretation of the Measures and the Measures shall be implemented after the authorization from the shareholders has been obtained.

*The Proposal was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistency between the Chinese and the English versions, the Chinese version shall prevail.*

## **Yuexiu Services Group Limited**

**Proposal On Initial Grant Pursuant to the Share Option Incentive Scheme  
(Draft)**

**December 2022**

**Chapter I Definitions**

The following expressions shall, unless otherwise specified or unless the context otherwise requires, have the following meanings in the Proposal:

**The Proposal:** The Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Services Group Limited (Draft).

**The Group, the Company, Company and Yuexiu Services:** Yuexiu Services Group Limited, the shares of which are listed on the Stock Exchange (Stock Code: 6626.HK).

**Option, Share Option:** The incentive instruments under the Proposal, which means the right to purchase a certain number of shares of the Company at a pre-determined price and on pre-determined conditions within a certain period of time granted to the Incentive Targets by Yuexiu Services in accordance with the Option Scheme and the Proposal.

**Incentive Targets:** The persons to whom Share Options are granted under the Proposal.

**General Meeting:** The general meeting of Yuexiu Services Group Limited.

**Board of Directors:** The Board of Directors of Yuexiu Services Group Limited.

**Remuneration Committee:** The Remuneration Committee established under the Board of Directors.

**Grant:** The grant of Share Options by the Company to the Incentive Targets under the Proposal, the Company may grant Share Options in tranches under the Proposal.

**Grant Date:** Any date on which the Board of Directors approves the grant of Share Options to the Incentive Targets. The grant date must be a Trading Day.

**Trading Day:** A day on which the Stock Exchange is open for the sale and purchase of securities.

**Effective Exercise Date:** The date on which the exercise of the Share Options granted to an Incentive Target may commence. The Effective Exercise Date must be a Trading Day.

**Exercise Price:** The price at which an Incentive Target shall exercise the Share Options, as determined in accordance with Clause 17.

**Option Scheme:** The Share Option Incentive Scheme of Yuexiu Services Group Limited, the adoption of which has been approved by the shareholders of the Company.

**Exercise Restriction Period:** The period during which the Share Option granted to an Incentive Target under the Proposal are prohibited from being exercised.

**Effective Exercise Period:** The period during which the Share Options granted to an Incentive Target under the Proposal may be conditionally exercised.

**Effective Conditions:** The conditions that must be satisfied before Options granted under the Proposal may be exercised, as detailed in Clause 23.

**Companies Law:** The Companies Law of the People’s Republic of China.

**Companies Ordinance:** The Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

**Listing Rules:** The Rules Governing the Listing of Securities on the Stock Exchange.

**Guangzhou SASAC:** State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government.

**Stock Exchange:** The Stock Exchange of Hong Kong Limited.

## Chapter II General Provisions

**Clause 1** To further improve the Company’s long-term incentive mechanism, satisfy the urgent needs for reform of state-owned enterprises, cope with the fierce competition in the industry while fully mobilizing the enthusiasm of core technical talents and management personnel, the Proposal on the Initial Grant Pursuant to the Share Option Incentive Scheme of Yuexiu Services Group Limited (Draft) is formulated in accordance with the Companies Law of the People’s Republic of China, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, the Trial Measures for Implementing Option Incentives in State-controlled Listed Companies (Overseas) (Guo Zi Fa Fen Pei [2006] No. 8), the Notice on Regulating the Issues Relating to the Implementation of Option Incentives System in State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171), the Notice of the State-owned Assets Supervision and Administration Commission on the Issuance of the Guidelines for the Implementation of Option Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) and the Articles of Association of Yuexiu Services Group Limited (hereinafter referred to as the “Articles”) and other relevant laws, regulations and regulatory documents.

**Clause 2** The Proposal is subject to the consideration and approval of the Board of Directors, the consideration and approval of the General Meeting and the approval of Guangzhou SASAC before it can be implemented, and is conditional upon the approval of the adoption of the Option Scheme, the “Appraisal Measures of the Share Option Incentive Scheme of Yuexiu Services Group Limited” and the “Management Measures of the Share Option Incentive Scheme of Yuexiu Services Group Limited” by the General Meeting and the approval of the listing of, and permission to deal in any shares to be issued pursuant to the Share Options granted by the Stock Exchange.

**Clause 3 Management Organizations**

The General Meeting is responsible for considering and approving the Option Scheme. The Board of Directors shall exercise its powers and perform its duties, including the implementation and administration of the Option Scheme, in accordance with the authorization of the General Meeting and the terms of the Option Scheme.

- (i) The Board of Directors grants Share Options to the Incentive Targets in accordance with the Option Scheme as considered and approved by the General Meeting, and handles related matters in accordance with the Option Scheme and other relevant regulations.
- (ii) The Board of Directors is responsible for considering and approving the persons nominated to be the Incentive Targets.
- (iii) The Board of Directors shall consider and approve the proposals on the future grants of Share Options, including but not limited to determining, among other things, the Grant Date, the exercise price, the performance conditions for the grants, the performance conditions for exercise, the exercise arrangements.
- (iv) The Board of Directors shall adjust the number and exercise price of the Share Options in accordance with the requirements of the Option Scheme and the Proposal in the event of, among other things, capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue and open offer as prescribed in the Proposal or upon the occurrence of other circumstances prescribed in the Proposal. The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).
- (v) The Board of Directors shall handle those matters in relation to the Share Options which have been exercised or have not yet been exercised in accordance with the requirements of the Option Scheme and the Proposal upon the occurrence of the special circumstances in relation to the Company or the Incentive Targets as prescribed in the Option Scheme and the Proposal, such as, among other things, departure from office, retirement or death.
- (vi) The Board of Directors shall determine whether to claw back the gain of the Incentive Targets derived from the exercise of Options in accordance with the requirements of the Option Scheme and the Proposal.
- (vii) To consider whether the vesting period of Options of the Incentive Targets (other than directors and senior management) is less than 12 months as required under Rule 17.03F of the Listing Rules; and
- (viii) The Board of Directors shall implement other necessary management of the Option Scheme and the Proposal.

**Chapter III Basis for Determining Incentive Targets and the Scope of the Incentive Targets**

**Clause 4** Pursuant to the requirements of the Share Option Scheme, the Incentive Targets of the Proposal are determined in accordance with the Companies Law of the People's Republic of China, the Trial Measures for Implementing Option Incentives in State-controlled Listed Companies (Overseas), the Notice on Regulating the Issues Relating to the Implementation of Option Incentives System in State-controlled Listed Companies, the requirements of the State-owned Assets Supervision and Administration Commission or any competent regulatory authority, the requirements of relevant laws, regulations, rules and regulatory documents, the Listing Rules and the relevant requirements of the Articles, taking into account the actual circumstances of the Company.

**Clause 5** The Incentive Targets for the Initial Grant include senior management of the Company and core personnel who have a direct impact on the operating results and sustainable development of the Company, 39 persons in total, representing 0.37% of the total 10,477 employees of the Company as at the end of 2021. Details are as follows:

- (i) Senior management of the Company (9 persons);
- (ii) Core personnel of the Company (30 persons);

**Clause 6** **The Incentive Targets of the Proposal do not include persons as follows:**

- (i) Independent directors of the Company, shareholders or actual controllers who individually or collectively hold 5% or more of the shares of the Company and their spouses, parents, children and persons who are not employed by the listed company and are not employees of the listed company;
- (ii) Those who have been publicly reprimanded by securities regulatory authorities or declared as inappropriate persons by securities regulatory authorities in the last three years;
- (iii) Those who have administrative penalties imposed by regulatory authorities as a result of material breach of rules and regulations in the last three years;
- (iv) Those who are prohibited by the Companies Law or the Companies Ordinance from acting as a director or a member of the senior management of a company;
- (v) Those who are not allowed to participate in the Company's share incentive under the relevant superior policies and laws and regulations;
- (vi) Those who have committed other serious violations of the Company's rules as determined by the Board of Directors.

**Clause 7 Verification of the Incentive Targets**

If the Incentive Targets are directors and senior management of listed companies, matters relating to the number of Share Options to be granted shall be verified by the Remuneration Committee in accordance with its terms of reference and then submitted to the Board of Directors for its consideration and approval; the names of other persons and the number of Share Options to be granted shall be verified by the Human Resources Department and submitted to the Board of Directors for its consideration and approval.

**Chapter IV Incentive Instrument and Source, Total Grants and Allocation of the Subject Shares****Clause 8 Incentive Instrument**

The Proposal adopts Share Options as the incentive instrument.

**Clause 9 Subject Shares and the Source of the Shares**

The subject shares of the Proposal are the ordinary shares of Yuexiu Services listed and traded on the Stock Exchange, and the source of the shares is the additional ordinary shares to be issued to identified targets by Yuexiu Services.

**Clause 10 Total Grants**

The number of issued shares of the Company as of 31 December 2021 was 1,522,030,177 shares. The total number of shares in respect of the Share Options to be granted to the Incentive Targets under the Proposal on the Initial Grant is 15,220,300 shares, representing approximately 1.00% of the total number of the shares of the Company as of 31 December 2021.

**Clause 11 Allocation of the Share Options**

The number of the Share Options to be granted to the Incentive Targets under the Proposal is determined on, among other things, the basis of the total number of Options available for the grant, job ranking, results of talent inventory and terms of service.

**Clause 12 Initial Grant Allocation**

The allocation of the Share Options to be granted under the Proposal is set out in the table below:

<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Total number of shares to be granted (shares)</b>	<b>Percentage of the total grants</b>
1	Mao Liangmin	Director	1,048,800	6.89%
2	Zhang Jin	Director	1,048,800	6.89%
3	Mo Qinghua	Vice General Manager	922,900	6.06%
4	Li Yongxin	Vice General Manager	839,000	5.51%
5	Cheng Ru	Vice General Manager	914,600	6.01%
6	Jiang Jianhua	Vice General Manager	830,700	5.46%
7	Chen Zuoqin	Vice General Manager	746,700	4.91%
8	Liu Xinqiang	Assistant to General Manager	629,300	4.13%
9	Chen Dongpeng	Chief Financial Officer	629,300	4.13%
Core personnel, 30 persons in total			7,610,200	50.00%
Not exceeding 39 persons in total			15,220,300	100.00%

*Note:* Where there is a difference between the sum of the total above and the sum of the individual breakdowns when added directly, such difference is due to rounding.

The number of grants will be subject to adjustments in accordance with the relevant provisions of Clause 29 of the Proposal in the event of, among other things, capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue, open offer and other non-market factors affecting the share value within the validity period of Share Options.

**Chapter V Performance Indicators and Peer Benchmark Companies****Clause 13 Selection of Performance Indicators**

Return on equity (ROE) attributable to shareholders after deducting non-recurring gains or losses, growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses, turnover ratio of trade receivables and proportion of cash dividends are selected as the performance indicators in the Proposal, of which:

- (i) **Return on equity (ROE) attributable to shareholders after deducting non-recurring gains or losses:** Reflecting the profitability of the Company as well as the intrinsic relationship between profitability, financial condition and operating condition of an enterprise, this is a comprehensive and representative indicator of shareholders' return and value creation of the Company. Adopting this indicator as a performance indicator for exercise allows Yuexiu Services to maintain its profitability at the upper level in the industry as it expands. In addition, for the equity incentive proposals of state-owned listed companies launched in the past five years, return on equity is the most widely used revenue indicator with absolute predominance.
- (ii) **Growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses based on 2021:** In the context of the compressed profit margins in the property industry, higher requirements are put forward for the Company's profitability. The net profit indicator, which takes scale, risks and costs into account, comprehensively reflects the overall operating performance of the Company, and helps promote its high-quality growth. Adoption of the indicator of growth rate reflects the requirement for growth, encourages the Company to steadily catch up with the leading level of the industry in the future, and is contributed to the effort to narrow the gap.
- (iii) **Turnover ratio of trade receivables:** This is an important indicator for the operation and management of the property and service industries. A high turnover ratio, on the one hand, reflects the short average account periods, less losses on default, fast asset flow and strong solvency of the Company, and on the other hand, indicates the fact that the Company attaches great importance to the risk management of trade receivables and cash flow management. Especially after listing, adoption of this indicator better reflects the operation quality of the Company.
- (iv) **Proportion of cash dividends:** Dividends not only represent the stable cash flow and robust financial condition of the Company, but also serve as an important way of giving back to shareholders.

**Clause 14 Calculation of Performance Indicators****(i) Return on equity attributable to shareholders after deducting non-recurring gains or losses**

Return on equity attributable to shareholders after deducting non-recurring gains or losses = Net profit attributable to shareholders after deducting non-recurring gains or losses for the year ÷ (Net assets attributable to shareholders at the beginning of the period + Net assets attributable to shareholders at the end of the period) ÷ 2

**(ii) Growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses based on 2021**

Growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses based on 2021 = (Net profit attributable to shareholders after deducting non-recurring gains or losses for the year ÷ Net profit attributable to shareholders after deducting non-recurring gains or losses for 2021) x 100% - 1

**(iii) Turnover ratio of trade receivables**

Turnover ratio of trade receivables = Operating revenue / (Balance of trade receivables at the beginning of the period + Balance of trade receivables at the end of the period) / 2

**(iv) Proportion of cash dividends**

Proportion of cash dividends = Cash dividends for the period ÷ Net profit attributable to shareholders for the previous year x 100%

**Clause 15 Selection of Enterprises in the Same Industry**

In addition to property management, Yuexiu Services is also engaged in parking lot management, equipment maintenance, diversified business operations, catering and other business operations, being a company included in “Real Estate - Real Estate II - Real Estate Management and Development - Real Estate Operation” under the four-level industry classification of WIND. Given the fact that most property service companies are included in “Real Estate - Real Estate II - Real Estate Management and Development - Real Estate Services” under the four-level industry classification of WIND, all the 143 companies listed on the Hong Kong, Shanghai and Shenzhen stock exchanges (excluding Yuexiu Services) which are included in two industries of “Real Estate - Real Estate II - Real Estate Management and Development - Real Estate Operation and Real Estate Services” under the four-level industry classification of WIND, are first selected. Among them, 5 companies with ST/\*ST and B - shares and 79 companies primarily engage in real estate development, property investment and other non-property industries are then excluded. As a result, there remains 59

companies in total that are defined as being in the same industry. If during the validity period of this Incentive Scheme, there is a significant change in the principal business of the industry sample(s), or there is an extreme value or outlier with excessive variation of the sample, the Board of Directors will remove or replace the sample(s) according to the actual situation.

### **Chapter VI Grant of Share Options**

#### **Clause 16 Grant Date**

The grant date of the Share Options shall be the date on which the Proposal is considered and approved by the Board of Directors. The Grant Date must be a Trading Day and, subject to the provisions of Clause 20, shall be determined in compliance with the relevant regulatory rules, including the Listing Rules, and shall not pose a risk to the Company, including compliance risk.

#### **Clause 17 Exercise Price**

The exercise price of a Share Option shall be determined on the basis of the principle of fair market price (the pricing reference date is the Grant Date), and shall not be less than the highest of:

1. the closing price of the Company's shares as stated in the daily quotation sheet of the Hong Kong Stock Exchange on the Grant Date; and
2. the average closing price of the Company's shares stated in the daily quotation sheet of the Hong Kong Stock Exchange for the 5 consecutive Trading Days prior to the Grant Date;

In the event of, among other things, capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue and open offer by the listed company before the exercise of the Options, the Exercise Price shall be adjusted accordingly, provided that any adjustment shall not result in the Exercise Price being lower than the nominal value of the shares. The specific methods for the adjustment of the Exercise Price shall be implemented with reference to the relevant provisions of Clause 29.

#### **Clause 18 Procedures for the Grant**

- (i) The Remuneration Committee is responsible for making recommendations on the grant proposal of Share Options if the relevant grant targets are directors and senior management of the listed company; and the Human Resources Department is responsible for making recommendations on the grant proposal of Share Options if the relevant grant targets are persons other than directors and senior management of the listed company.

- (ii) The Board of Directors considers and approves the Share Options grant proposal referred to in Clause (i).
- (iii) The Company and the Incentive Targets enter into a Share Option Grant Agreement or such other document as the Board of Directors considers appropriate.
- (iv) The Company handles matters relating to the implementation of Share Option grants in accordance with the relevant regulations of the regulatory authorities of the State-owned assets, the Stock Exchange and the Option Scheme.

**Clause 19      Time limits on the Grant of Share Options**

- (i) No Share Option shall be granted by the Board of Directors after it has become aware of inside information until such information has been made public and, in particular, no Share Option shall be granted within one month before the earlier of:
  - 1. the date of the meeting of the Board of Directors (as such date which is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's financial results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules);
  - 2. the deadline for publishing of an announcement of the Company's financial results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules).
- (ii) The relevant restrictions end on the date of the publication of the financial results of the Company (including the date on which the results of the Company are published).
- (iii) Share Options may also not be granted during the period when the publication of the Company's results is postponed.
- (iv) The directors shall not grant options to a person who is a director during the periods or times when the directors are prohibited from dealing in securities under the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules or any corresponding code or restriction on securities transactions adopted by the Company.

**Clause 20 Grant of Share Options to directors, chief executives, substantial shareholders or their respective associates**

Any grant of Share Options to a director or chief executive of the Company or any of their respective associates must be approved by all independent non-executive directors excluding any independent non-executive director who is proposed to be a holder of Share Options.

Any grant of Share Options to an independent non-executive director or a substantial shareholder or any of their respective associates must be approved by the shareholders of the Company other than the grantee, his/her associates and all core connected persons of the Company for grants of share options in excess of 0.1% of the shares in issue over any period of twelve (12) consecutive months.

**Chapter VII Share Options to Become Effective****Clause 21 Restriction on Effectiveness**

The Options under this grant shall become exercisable only after those Options have become effective in accordance with Clause 23 and subject to the provisions governing the exercise of Options under the Option Scheme and the Proposal.

**Clause 22 Effectiveness Arrangements**

Subject to all the effective conditions set out in Clause 23 having been satisfied, the Options under this grant shall become effective in tranches as follows:

- (i) One-third of the total number of Share Options granted (33%) under such grant shall become effective upon the expiration of two anniversaries (24 months) from the Grant Date.
- (ii) One-third of the total number of Share Options granted (33%) under such grant shall become effective upon the expiration of three anniversaries (36 months) from the Grant Date.
- (iii) One-third of the total number of Share Options granted (34%) under such grant shall become effective upon the expiration of four anniversaries (48 months) from the Grant Date.

**Clause 23 Effectiveness Conditions**

The Options granted to the Incentive Targets must satisfy the conditions applicable to the relevant tranche of Options in order for that relevant tranche of Options to become effective.

## (i) Effective Conditions at Company's level

The conditions for the Share Options to become effective at the Company level will only be satisfied when the following financial conditions applicable to the relevant tranche of Share Options are satisfied.

<b>Effectiveness arrangements</b>	<b>Performance appraisal targets</b>
Conditions for the first tranche to become effective	<ul style="list-style-type: none"> <li>• The return on equity attributable to shareholders after deducting non-recurring gains or losses for 2023 shall not be less than 12.8% and shall be equal to or greater than the industry average level plus 1%;</li> <li>• The growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses from 2023 compared to that of 2021 shall be greater than 32.0% and shall be equal to or greater than the industry average level;</li> <li>• The turnover ratio of trade receivables in 2023 shall not be less than 4.2;</li> <li>• Cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the Company's net profit available for distribution for that financial year.</li> </ul>
Conditions for the second tranche to become effective	<ul style="list-style-type: none"> <li>• The return on equity attributable to shareholders after deducting non-recurring gains or losses for 2024 shall not be less than 12.9% and shall be equal to or greater than the industry average level plus 1%;</li> <li>• The growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses from 2024 as compared to that of 2021 shall be greater than 52.0% and shall be equal to or greater than the industry average level;</li> <li>• The turnover ratio of trade receivables in 2024 shall not be less than 4.2;</li> <li>• Cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the Company's net profit available for distribution for that financial year.</li> </ul>

- Conditions for the third tranche to become effective
- The return on equity attributable to shareholders after deducting non-recurring gains or losses for 2025 shall be equal to or greater than 13.0% and shall not be less than the industry average level plus 1%;
  - The growth rate of net profit attributable to shareholders after deducting non-recurring gains or losses from 2025 as compared to that of 2021 shall be greater than 75.0% and shall be equal to or greater than the industry average level;
  - The turnover ratio of trade receivables in 2025 shall not be less than 4.2;
  - Cash dividend declared in respect of the most recent full financial year shall not be less than 30% of the Company's net profit available for distribution for that financial year.

*Note 1:* If, during the validity period of the Scheme, the Company effects major asset acquisitions, restructures, public or non-public offerings of shares or other events that may have a significant impact on the assets of the Company, the impact of such events shall be excluded from the annual vesting appraisal, and the newly added net assets and corresponding net profits shall not be included in the calculation of the increase in net assets and net profits during the validity period of the Incentive Scheme for the purpose of performance appraisal.

*Note 2:* If, during the validity period of the Scheme, there is a significant impact on the operations of the Company resulting from major changes in national policies or the implementation of corresponding strategic initiatives by enterprises in response to national policies, the board of directors of the Company may adjust or modify the above performance indicators or levels if it deems necessary, provided that the corresponding adjustments or modifications shall be approved at the general meeting and reported to the State-owned Assets Supervision and Administration Commission of Guangzhou for record.

And none of the following circumstances have occurred to the Company:

1. issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gives a negative opinion or is unable to give an opinion;
2. imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year;
3. other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.

## (ii) Effective Conditions at Incentive Target's level

Individual performance of the Incentive Targets for the three fiscal years from 2023 to 2025 is evaluated according to relevant performance appraisal measures of the Company, and the number of Options may become effective for the Incentive Targets depends on the performance appraisal results for the appraisal years. The performance appraisal results of senior management members for the previous year must be grade B and above, and the performance appraisal results of core employees for the previous year must be qualified and above, otherwise the Options shall not become effective and shall be cancelled by the Company.

And none of the following circumstances have occurred to the Incentive Target:

1. publicly reprimanded or declared as an inappropriate person by the Stock Exchange in the last three years;
2. imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the last three years;
3. prohibited by the relevant laws and regulations from acting as a director of a company or a member of the senior management of a listed company; and
4. have committed other serious violations of the Company's rules as determined by the Board of Directors.

Unless all the effective conditions are satisfied, the relevant tranche of Options granted shall lapse.

### Chapter VIII Exercise of Share Options

#### Clause 24 The Effective Exercise Period

Subject to the fulfilment of the relevant conditions for the Share Options to become effective set out in Clause 24, the Share Options under this grant shall become exercisable for a period of eight years commencing from the Grant Date, and further subject to any restrictions on the exercise of Share Options that may be imposed under the Option Scheme, the Proposal and by the Board of Directors. The Effective Exercise Period shall not be extended. Upon expiry of the Effective Exercise Period, all rights in respect of the Share Options shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its duties under the Option Scheme in relation to the exercise. No Share Option may be exercised after the expiry of the Effective Exercise Period. Upon expiry of the Effective Exercise Period, any Share Options which remain unexercised shall automatically lapse and shall not be exercised retroactively.

**Clause 25      Procedures for the exercise of Share Options**

After the Human Resources Department of the Company has notified an Incentive Target in writing that the conditions of effectiveness have been fulfilled and an Incentive Target has exercised the Share Options, the Company shall issue the relevant shares to the Incentive Target and handle the related matters in accordance with the requirements of the Option Scheme.

**Clause 26      Time for the Exercise of Share Options**

During the Effective Exercise Period, the Incentive Targets or the legal beneficiary of the Incentive Targets may exercise all or part of the Share Options on any date other than the relevant trading restriction period for securities (or other applicable trading restrictions) as prescribed in the applicable laws and regulations.

If a director or a member of the senior management of the listed company is granted Share Options, no less than 20% of the Options granted shall only become exercisable until the expiry of his term of office and after having passed his appraisal.

**Clause 27      Rights attached to shares allotted on the exercise of Share Options**

- (i) Shares allotted by the Company upon the exercise of Share Options shall be subject to all the provisions of the Articles and shall rank pari passu with the fully paid shares in issue on the date of allotment. The shares shall entitle the Incentive Targets to receive all dividends or other distributions made by the Company on or after the date on which the shares are allotted, provided that the record date for determining the dividend or distribution must be on or after the date on which the shares allotted upon exercise of the Option have been registered in the register of members of the Company in the name of the person to whom the Options are granted or his nominee(s).
- (ii) Voting rights in respect of shares issued by the Company after the exercise of a Share Option shall be conditional upon the Incentive Target or his nominee being registered in the register of members of the Company as the holder of the shares.

**Chapter IX Methods and Procedures for Adjustment of Share Options****Clause 28 Methods for adjustment of the number of Share Options**

In the event of, among other things, capitalisation issue, bonus issue, rights issue, open offer, sub-division or consolidation of Shares before the exercise of the Options, the number of the Options granted shall be adjusted with reference to the following methods:

1. Capitalisation issue, bonus issue, sub-division of shares

Number of Options granted after adjustment = number of Options granted before adjustment x (1 + number of shares per share increased after capitalisation issue, bonus issue or sub-division of shares)

2. Consolidation of shares

Number of Options granted after adjustment = number of Options granted before adjustment x ratio of consolidation of shares

3. Rights issue or open offer

Number of Options granted after adjustment = number of Options granted before adjustment x closing price on the shareholding registration date x (1 + ratio of the rights issue or open offer) ÷ (closing price on the shareholding registration date + price of the rights issue or open offer x ratio of the rights issue or open offer)

4. Reduction of capital

Such method in compliance with applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) as the Board may determine

The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and regulations (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).

**Clause 29      Methods for adjustment of exercise price of Share Options**

In the event of, among other things, capitalisation issue, bonus issue, rights issue, open offer, sub-division or consolidation of Shares before the exercise of the Options, the Exercise Price shall be adjusted with reference to the following methods:

- (i) Capitalisation issue, bonus issue, sub-division of shares

Exercise Price after adjustment = Exercise Price before adjustment ÷ (1 + number of additional shares per share after capitalisation issue, bonus issue or sub-division of shares)

- (ii) Consolidation of shares

Exercise Price after adjustment = Exercise Price before adjustment ÷ ratio of consolidation of shares

- (iii) Rights issue or open offer

Exercise Price after adjustment = Exercise Price before adjustment x (closing price on the shareholding registration date + price of the rights issue or open offer x ratio of the rights issue or open offer) ÷ (closing price on the shareholding registration date x (1 + ratio of the rights issue or open offer))

- (iv) Reduction of capital

Such method in compliance with applicable laws and rules (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) as the Board of Directors may determine

The adjustments made pursuant to this Clause are subject to compliance with the applicable laws and regulations (including the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time).

**Clause 30      Adjustment Procedures**

Upon the occurrence of any of the circumstances mentioned in Clause 28 or Clause 29, the Board of Directors shall, subject to the compliance with the applicable laws and regulations, adjust the number of Share Options or the Exercise Price, including (if so required under Rule 17.03(13) of the Listing Rules) obtaining the documents issued by independent financial adviser or the Company's auditor confirming to the Board of Directors that such adjustment complies with the requirements set out in the note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time.

**Chapter X Handling of Special Circumstances**

**Clause 31** In case of change of control, merger, spin-off of the Company, the exercise of all Options of the Incentive Targets which have been granted but have not yet been exercised shall not be accelerated, and the Options which have not yet become effective shall lapse.

**Clause 32** Upon the occurrence of any of the following events in relation to the Company, the Company shall propose that those Options exercisable in the year in which any of the following events occurred shall lapse and the implementation of the Proposal shall be terminated, and upon the consideration and approval of the Board of Directors, no new Options shall be granted to the Incentive Targets and the Incentive Targets may not exercise Options or receive the gain of the Incentive Target in accordance with the Incentive Scheme within one year after the relevant resolution of the Board of Directors has become effective:

- (i) Failure to engage an accounting firm to conduct auditing work in accordance with the prescribed procedures and requirements.
- (ii) A certified public accountant issued a negative opinion in respect of the annual financial report or issued an audited report in respect of which the certified public accountants were unable to give an opinion.
- (iii) The regulatory authorities of the State-owned assets or audit firms have material objection in respect of the financial performance or the annual financial report of the Company.
- (iv) Occurrence of material breach of regulations and penalties were imposed by securities regulatory authorities and other relevant authorities as a result.

**Clause 33** Upon the occurrence of any of the following events in relation to an Incentive Target, the Company shall propose to terminate the grant of new Options to him, disqualify him from exercising his outstanding Options, claw back the gain of the Incentive Target derived from the Options, and pursue his corresponding responsibilities in accordance with the laws and relevant regulations:

- (i) The results of the economic responsibility audit and other reports proved that he has failed to perform duties effectively or is involved in serious misconduct and malfeasance.
- (ii) The Incentive Target has contravened the relevant laws and regulations of PRC and/or Hong Kong or the articles of the Articles.

- (iii) The Incentive Target has, during his tenure of office, been subject to disciplinary actions due to acceptance or solicitation of bribery, corruption, theft, leakage of the Company's trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company.
- (iv) The Incentive Target has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences.

**Clause 34** If during the implementation of the Proposal, there are false statements or misleading statements in, or material omissions from, the financial and accounting documents of the Company or the information disclosure documents of the Company which result in non-compliance with the arrangement in respect of the grant of the Options or the arrangement in respect of the Options becoming effective, the Options of all the Incentive Targets which have not yet been exercised shall lapse automatically, and the Company shall claw back all the gain of the Incentive Targets derived from the Options granted and shall not grant new Options to those Incentive Targets who are liable for the issues on the financial and accounting documents of the Company or the information disclosure documents of the Company described under this Clause.

**Clause 35** Upon the occurrence of any of the following events, the Options which have become effective can be exercised and sold within six (6) months from the date of occurrence, failing which those Options which have not been exercised shall lapse after the said six (6) months' period; and those Options which have not yet become effective shall lapse automatically on the date of occurrence:

- (i) The Incentive Target ceases to be an Incentive Target due to failure in individual performance appraisal or the incompetency at the original position which results in a demotion.
- (ii) The Company causes a change in an Incentive Target's office that resulted in an Incentive Target ceasing to be an Incentive Target under the Incentive Scheme.
- (iii) Departure from the Company resulting from transfer to the Company's holding companies or the Company's fellow subsidiaries or reasons on the part of the Company (such as redundancy, change of business).
- (iv) An Incentive Target departs from office due to retirement at the statutory retirement age.
- (v) An Incentive Target departs from office as a result of loss of working capacity.
- (vi) Death of an Incentive Target (exercised by the legal successor in accordance with the requirements).

Upon the occurrence of any of the following events, both the Options which have become effective and those have not yet become effective shall, in principle, cease to be exercisable and effective from the date of occurrence:

- (i) An Incentive Target becomes an Independent Director, supervisor or a person prohibited by laws and regulations from holding Shares of the Company.
- (ii) An Incentive Target resigns voluntarily from the Company or terminates the employment contract with the Company through negotiation.

If an Incentive Target is transferred out from the Company due to organizational arrangements but still works in Yuexiu Services and its subsidiaries, the Options will be granted and become effective according to the original procedures.

**Clause 36** Subject to the compliance of the applicable laws and regulations, the Board of Directors may deal with the Options involved in the circumstances in respect of the Company or the Incentive Targets not specified above at its sole discretion.

**Clause 37** Any dispute or controversy between the Company and an Incentive Target arising from the implementation of the Proposal or the relevant agreement signed between these two parties shall be resolved through negotiation and communication between these two parties. If the negotiation fails, either party has the right to initiate a litigation at the court mutually agreed for a resolution or (in the absence of agreement) initiate a litigation at the court with jurisdiction for a resolution.

#### **Chapter XI Rights and Obligations of the Company and the Incentive Targets**

**Clause 38**      **Rights and Obligations of the Company**

- (i) If an Incentive Target breaches the honesty obligations prescribed under, among others, the applicable laws or the Articles, or breaches the laws, professional conducts, leaks the secrets of the Company, commits dereliction of duty or malfeasance and the Company's interest and reputation are damaged as a result, no new Options shall be granted to him and all his Options which have not yet been exercised shall lapse automatically, and the Company shall claw back the gain of the Incentive Target derived from the Options.
- (ii) The Company shall, in accordance with the provisions of the national taxation regulations, withhold and pay the personal income tax and other relevant taxes payable by an Incentive Target.

- (iii) The Company shall, pursuant to the Share Option Incentive Scheme and the relevant requirements of the Stock Exchange and/or other competent regulatory authorities, proactively coordinate with those Incentive Targets who have fulfilled the conditions for the exercise of Options to exercise the Options in accordance with the requirements. If, due to the reasons of the Stock Exchange and/or other competent regulatory authorities, an Incentive Target is unable to exercise the Options in accordance with his wishes and suffers losses as a result, the Company shall not be responsible for those losses.
- (iv) Other rights and obligations prescribed by laws and regulations.
- (v) Subject to the consent of the relevant Incentive Targets, the Board of Directors may, at its sole discretion, cancel those Options which have been granted but have not yet been exercised or lapsed.
- (vi) With respect to an Incentive Target whose Options had been cancelled in accordance with this Clause, the Board of Directors may grant new Options to that Incentive Target in accordance with the provisions of the Option Scheme, provided that the issuance of new Options may only be made if there are sufficient unissued Options available under the Option Scheme and other share option schemes of the Company (excluding those Options which had been cancelled) for new issuance.

**Clause 39      Rights and obligations of the Incentive Targets**

- (i) An Incentive Target is obliged to perform diligently and responsibly, observe professional conduct and contribute to the development of the Company as he is expected to do based on the requirements of the position that he is employed by the Company.
- (ii) An Incentive Target is entitled to, and should, exercise the Options in accordance with the Option Scheme and the Proposal, and shall observe the relevant obligations prescribed under the Option Scheme and the Proposal.
- (iii) An Incentive Target shall not assign the Options granted or use the Options as security or to repay debts.
- (iv) An Incentive Target shall pay individual income tax and other relevant taxes on the gains that he obtained as a result of participation in the Scheme in accordance with the national taxation regulations.
- (v) Other rights and obligations prescribed by laws and regulations.
- (vi) If the Company reasonably believes that an Incentive Target has breached any provisions of this Clause, the Company may issue a notice to him notifying him that those Options granted but have not yet become effective and those Options which have become effective but have not yet been exercised have lapsed and such notice of lapse is final and shall be binding on that Incentive Target.

**Chapter XII Accounting Treatment for Share Options and its Impact on Performance****Clause 40 Accounting treatment for the Proposal**

The cost of the incentive scheme is measured and accounted for in accordance with the relevant requirements of the accounting standards.

(i) Accounting treatment after the Grant Date

The value of the Options granted to employees is determined on a consolidated basis based on the number of Options, based on the fair value on the Grant Date, and the related costs or expenses that will be incurred between the grant date and the exercise date (the waiting period) are recognized as labour costs (equity payments), with a corresponding increase in capital surplus.

(ii) Accounting treatment after the Effective Exercise Date

No further costs and expenses will be recognized after the Effective Exercise Date. An employee shall acquire shares at the Exercise Price on the actual exercise date, and the Company shall recognize an increase in share capital and cash inflow, and carry forward the capital surplus recognized during the waiting period.

**Chapter XIII Disclosure of Information**

**Clause 41** The Company shall make the necessary disclosures regarding, among other things, the adoption, approval, grant, exercise and lapse of the Option Scheme in accordance with the relevant laws and regulations and the Listing Rules.

**Chapter XIV Supplementary Provisions**

**Clause 42** The text of the Proposal and the various steps for its adoption, approval, grant, exercise and lapse shall comply with the relevant requirements of the Listing Rules and applicable laws and regulations of the Mainland of China and Hong Kong.

**Clause 43** The final interpretation of the Proposal shall be vested in the Board of Directors of the Company.

Yuexiu Services Group Limited  
December 2022

## Annex

Changes in the Company or the Incentive Target	Options which have become effective	Options which have not yet become effective
<b>1. Change of control of the Company</b>		
1. Change of control of the de facto controller of the Company, or merger, spin-off of the Company due to any reason	The exercise of all Options which have been granted but have not yet been exercised shall not be accelerated	Lapsed
<b>2. Change in office of the Incentive Target</b>		
1. Transferred out from the Company due to organizational arrangements but still working in Yuexiu Services Group and its subsidiaries	Options shall be granted and become effective according to the original procedures	
2. Ceasing to be an Incentive Target due to failure in individual performance appraisal or the incompetency at the original position which results in a demotion	Exercised and sold within six months	Lapsed
3. The Company causes a change in an Incentive Target's office that resulted in an Incentive Target ceasing to be an Incentive Target under the Incentive Scheme	Exercised and sold within six months	Lapsed
4. An Incentive Target becomes an Independent Director, supervisor or a person prohibited from holding the Company's Share Options as stipulated by laws and regulations	Lapsed	Lapsed
<b>3. Departure from the Company of the Incentive Target</b>		
1. An Incentive Target resigns voluntarily from the Company or terminates the employment contract with the Company through negotiation	Lapsed	Lapsed
2. An Incentive Target is dismissed by the Company for breaking the laws, professional conducts, leaking the secrets of the Company, committing dereliction of duty or malfeasance and other acts that are seriously damaged the Company's interest and reputation as a result	Lapsed	Lapsed

<b>Changes in the Company or the Incentive Target</b>	<b>Options which have become effective</b>	<b>Options which have not yet become effective</b>
3. An Incentive Target departs from the Company resulting from transfer to the Company's holding companies or the Company's fellow subsidiaries or reasons on the part of the Company (such as redundancy, change of business)	Exercised and sold within six months	Lapsed
4. An Incentive Target departs from office due to retirement at the statutory retirement age	Exercised and sold within six months	Lapsed
5. An Incentive Target departs from office as a result of loss of working capacity	Exercised and sold within six months	Lapsed
6. Death of an Incentive Target	Exercised and sold by the legal successor within six months from succession	Lapsed
Other unspecified circumstances	Determined by the Board of Directors of the Company	

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## NOTICE OF GENERAL MEETING

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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 06626)**

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting (“**General Meeting**”) of Yuexiu Services Group Limited (“**Company**”) will be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 15 February 2023 at 11:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolutions below as ordinary resolutions.

Words and expressions that are not expressly defined in this notice of General Meeting shall bear the same meaning as those defined in the circular of the Company dated 26 January 2023.

### ORDINARY RESOLUTIONS

1. “**THAT** each of the following be and is hereby approved:
  - (a) the adoption of the Share Option Scheme (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) subject to and conditional upon the Listing Committee granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the share options which may be granted under the Share Option Scheme;
  - (b) the Directors be and are hereby authorised to, subject to the applicable laws, rules and regulations:
    - (i) grant options to subscribe for the Shares in accordance with the rules of the Share Option Scheme;
    - (ii) allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the Share Option Scheme;
    - (iii) modify and/or amend the Share Option Scheme from time to time;
    - (iv) administer the Share Option Scheme generally;

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## NOTICE OF GENERAL MEETING

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- (v) do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to the Share Option Scheme; and
  - (vi) consent, if the Directors in their sole discretion consider to be necessary or expedient, to such conditions, alteration and/ or modification as may be required or imposed by the relevant authorities in relation to the Share Option Scheme;
  - (c) the adoption of the Management Measures (a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose);
  - (d) the adoption of the Appraisal Measures (a copy of which is tabled at the meeting and marked “C” and initialled by the chairman of the meeting for identification purpose); and
  - (e) the Directors be and are hereby authorised to, subject to the applicable laws, rules, regulations:
    - (i) modify and/or amend each of the Management Measures and the Appraisal Measures from time to time;
    - (ii) administer each of the Management Measures and the Appraisal Measures generally;
    - (iii) do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to each of the Management Measures and the Appraisal Measures; and
    - (iv) consent, if the Directors in their sole discretion consider to be necessary or expedient, to such conditions, alteration and/ or modification as may be required or imposed by the relevant authorities in relation to each of the Management Measures and the Appraisal Measures.”
2. **“THAT** subject to (i) the fulfillment of the Adoption Conditions; and (ii) the approval of the Initial Grant Proposal by Guangzhou SASAC having been obtained, each of the following be and is hereby approved:
- (a) the adoption of the Initial Grant Proposal and all the terms thereunder, including but not limited to the grant of an aggregate of 15,220,300 Options to those Incentive Targets referred to in the Initial Grant Proposal; and

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## NOTICE OF GENERAL MEETING

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- (b) the Directors be and are hereby authorised to, subject to the applicable laws, rules and regulations to do all such acts and to enter into all such transactions, arrangements and agreements as the Directors in their sole discretion consider to be necessary or expedient in order to give full effect to the Initial Grant Proposal.”

By order of the Board  
**Yuexiu Services Group Limited**  
**YU Tat Fung**  
*Company Secretary*

Hong Kong, 26 January 2023

*Registered office:*

26/F, Yue Xiu Building  
160 Lockhart Road  
Wanchai  
Hong Kong

**Notes:**

1. A member entitled to attend and vote at the General Meeting is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, form(s) of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for the holding of the General Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Monday, 13 February 2023 to Wednesday, 15 February 2023, both days inclusive, during which period no transfer of Shares will be registered. For the purpose of ascertaining the shareholders’ eligibility to participate in the General Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4: 30 p.m. on Friday, 10 February 2023.

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## NOTICE OF GENERAL MEETING

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5. Where there are joint registered holders of any share, any one of such persons may vote at the General Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but should there be more than one of such joint holders present at the General Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
6. Voting of the ordinary resolutions set out in this notice will be by way of poll.
7. Reference to times and dates in this notice are to Hong Kong times and dates.
8. In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the General Meeting, the Company will implement certain precautionary measures at the General Meeting. For further details, please refer to the circular of the Company dated 26 January 2023.

*As at the date of this notice, the Executive Directors are Mr. Zhang Jianguo, Mr. Mao Liangmin and Mr. Zhang Jin; the Non-executive Directors are Mr. Lin Feng, Mr. Yao Xiaosheng and Mr. Yang Zhaoxuan; and the Independent Non-executive Directors are Mr. Hung Shing Ming, Ms. Hui Lai Kwan and Mr. Chan Yuen Hang Kenneth.*