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(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus in relation to the Existing Property Lease Framework Agreement.

As the Existing Property Lease Framework Agreement is due to expire on 31 December 2023, on 31 December 2023, the Company, GZYX and Yuexiu Property entered into the Property Lease Framework Agreement with a term commencing from 1 January 2024 to 31 December 2026 to govern the Group's leases of properties from GZYX, Yuexiu Property and their respective associates which are exempt from recognition as right-of-use assets under HKFRS16. For the avoidance of doubt, the leasing of properties by the Group which have been recognised as right-of-use asset in accordance with HKFRS16 will not be included for the utilisation of the annual caps proposed in respect of the Property Lease Framework Agreement.

As GZYX and Yuexiu Property are the controlling shareholders of the Company, each of them is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Property Lease Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps under the Property Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

Reference is made to an announcement made by the Company dated 18 December 2023 in relation to Property Leases entered into by the Company with certain subsidiaries of Yuexiu REIT, which is 37.61% owned by Yuexiu Property as at the date of this announcement. As the properties leased under the Property Leases have been recognised as right-of-use asset in accordance with HKFRS16, they constitute connected transactions (instead of continuing connected transactions) for the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Property Leases will not be included for the utilisation of the annual caps proposed in respect of the Property Lease Framework Agreement and are not aggregated for the computation of the applicable percentage ratios. Nevertheless, for illustrative purposes, the applicable percentage ratios in respect of the Property Leases and the annual caps under the Property Lease Framework Agreement, if aggregated, are also less than 5%.

I PROPERTY LEASE FRAMEWORK AGREEMENT

Reference is made to the Prospectus in relation to the Existing Property Lease Framework Agreement.

As the Existing Property Lease Framework Agreement is due to expire on 31 December 2023, on 31 December 2023, the Company, GZYG and Yuexiu Property entered into the Property Lease Framework Agreement with a term commencing from 1 January 2024 to 31 December 2026 to govern the Group's leases of properties from GZYG, Yuexiu Property and their respective associates which are exempt from recognition as right-of-use assets under HKFRS16. For the avoidance of doubt, the leasing of properties by the Group which have been recognised as right-of-use asset in accordance with HKFRS16 will not be included for the utilisation of the annual caps proposed in respect of the Property Lease Framework Agreement.

The principal terms of the Property Lease Framework Agreements are as follows:

Date	31 December 2023
Parties	(i) the Company (ii) GZYG (iii) Yuexiu Property

Term	1 January 2024 to 31 December 2026 (both days inclusive)
	Subject to compliance with the Listing Rules, the Property Lease Framework Agreement may be renewed by the Company, GZYG and Yuexiu Property by agreement in writing.
Subject Matter	The Group will lease certain car parking spaces for providing carpark space management and operation services and other office premises for self-use from GZYG, Yuexiu Property and their respective associates. These properties are expected to locate in various cities including Guangzhou, Wuhan and Hong Kong (and such other cities as the Group may provide property management services).
Specific Agreements	The parties shall enter into specific agreements with affiliates of GZYG and Yuexiu Property, which shall set out the detailed terms for the relevant transactions contemplated under the Property Lease Framework Agreement and be, in the ordinary and usual course of business, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The specific agreements shall conform with the principles and provisions set out in the Property Lease Framework Agreement and shall be in compliance with the Listing Rules. For the avoidance of doubt, all specific agreements entered into pursuant to the Existing Property Lease Framework Agreement (to the extent which cover leases which will continue to be in force after 31 December 2023) shall be treated as specific agreements made pursuant to the Property Lease Framework Agreement as from 1 January 2024. If there is any conflict between any provision of a specific agreement and the relevant provision(s) of the Property Lease Framework Agreement, the provision(s) of the Property Lease Framework Agreement shall prevail.

Pricing Basis

The rent to be paid under each specific agreement entered into pursuant to the Property Lease Framework Agreement should be determined by the lessor and the lessee on arm's length basis with reference to the following factors:

- (i) the rent payable under the Existing Lease Agreements;
- (ii) location, type, quality and size of the properties;
- (iii) the prevailing market rent of similar properties located in similar areas offered by Independent Third Parties;
- (iv) any actual public utility fees (such as water, electricity, gas and telecommunications) generated from each leased properties shall make reference to the fees stipulated by the relevant government authorities, property management agreements and mutual covenants from time to time; and
- (v) the rent must be on normal commercial terms as compared to the rent of properties leased by the lessees from Independent Third Parties and the rent of properties leased by the lessors to Independent Third Parties.

Payment terms

Payment terms (including but not limited to the deadline for and the mode of payment) shall be determined by the parties after arm's length negotiations and set out in detail in the specific agreements to be entered into pursuant to the Property Lease Framework Agreement.

Payment of the rent will be funded by the Group's internal resources.

II HISTORICAL TRANSACTION AMOUNTS

The table below sets out the total amounts of rent paid by the Group to GZYX and Yuexiu Property and their respective associates:

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the six months ended 30 June 2023 (RMB'000)
Historical transaction amounts	24,525	21,235	14,793

The Directors confirm that the transaction amounts from the Listing Date to the date of this announcement were within the annual caps under the Existing Property Lease Framework Agreement.

III ANNUAL CAPS

The table below sets out the maximum amounts of rent payable by the Group under the Property Lease Framework Agreement for each of three years ending 31 December 2026:

	For the year ending 31 December 2024 (RMB'000)	For the year ending 31 December 2025 (RMB'000)	For the year ending 31 December 2026 (RMB'000)
Annual caps	54,441	63,361	75,751

The above annual caps were determined with reference to:

- (i) the historical transaction amounts;
- (ii) the terms, such as rent, under the Existing Lease Agreements;
- (iii) the Group's expected new leases from GZYX, Yuexiu Property and their respective associates following the COVID-19 pandemic;
- (iv) the recent rent charged by Independent Third Parties for properties comparable to similar properties in the vicinity in 2023;
- (v) the possible extension of the existing specific agreements and the potential new specific agreements that could be entered into with GZYX, Yuexiu

Property and their respective associates, and their respective locations, sizes, usages, nature, conditions, and the prevailing market rent of comparable properties within the proximity;

- (vi) the stable and/or increment in market rents of similar properties in the vicinity of the current location of the relevant properties as estimated by an independent professional valuer (which is expected to be in the range of 2% to 10% in the next three years); and
- (vii) the expected increase in the Group's demand for leased properties based on the Group's business development plan to expand its business reach (including the expansion of the Group's business to different locations outside of Guangzhou, Wuhan and Hong Kong).

IV INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole, the Group will implement the following internal control measures in relation to the proposed continuing connected transactions under the Property Lease Framework Agreement:

- (i) the accounting department of the Group will regularly monitor the continuing connected transactions contemplated under the Property Lease Framework Agreement to ensure that the proposed annual caps will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total lease expenses to exceed the proposed annual caps for that financial year;
- (ii) the heads of the respective operational departments of the Group will supervise and monitor that the individual agreements are in line with the pricing policy and principal terms of the Property Lease Framework Agreement;
- (iii) the heads of the respective operational departments of the Group will conduct regular reviews to keep abreast of (a) to the rent of properties leased by the lessees from Independent Third Parties; and (b) the prevailing market rent of similar property located in similar areas offered by Independent Third Parties, for the purpose of considering if the price charged for, or payable for, a specific transaction is fair and reasonable and is in accordance with the pricing policy terms of the Property Lease Framework Agreement;

- (iv) the audit committee of the Board will meet at least twice a year to review the implementation of the above measures for the transactions contemplated under the Property Lease Framework Agreement and report to the Board;
- (v) the Company will provide information and supporting documents to its independent non-executive Directors and auditors for them to conduct annual review of the continuing connected transactions of the Group;
- (vi) the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the Property Lease Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole as required by the Listing Rules; and
- (vii) the auditor of the Company will be engaged to report on the continuing connected transactions of the Group disclosed in the annual report in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor will issue a letter containing their conclusions in respect of the continuing connected transactions disclosed in the annual report in accordance with Rule 14A.56 of the Listing Rules. According to the letter, the auditor will express a conclusion whether anything has come to their attention that causes them to believe that the disclosed continuing connected transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group for the transactions involving the leasing of properties by the Group; (c) were not entered into, in all material respects, in accordance with the Property Lease Framework Agreement; and (d) have exceeded the respective annual caps.

V INFORMATION OF THE PARTIES

The Company and the Group

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06626). The Group is an urban operation service provider in the PRC and a key market player offering integrated property management services in the Greater Bay Area. Its major businesses comprise (i) non-commercial property

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

GZYX

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

Yuexiu Property

Yuexiu Property, a controlling shareholder of the Company which indirectly holds the shares of the Company through its direct wholly-owned subsidiary, namely Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), is a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 00123). Yuexiu Property and its subsidiaries (other than the Group) are principally engaged in property development and investment, deepening the implementation of the "1+4" national strategic layout and cultivation of the Greater Bay Area market, and focusing on expanding their business in Eastern China, Central China, Northern China and Western China.

VI REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE PROPOSED TRANSACTION

The Property Lease Framework Agreement will continue to enable the Group to use the office premises of GZYX, Yuexiu Property and their respective associates and sub-lease certain car parking spaces for providing carpark space management and operation services. The renewal will avoid unnecessary disturbance to the Group's operations while enabling the Group to generate additional rental income by sub-leasing certain carparks, taking into account the scale of expansion and business development and the operational cost, time efficiency and business stability of the Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Property Lease Framework Agreement and the annual caps therefor are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the entering into of the Property Lease Framework Agreement is in the interest of the Company and the Shareholders as a whole.

VII LISTING RULES IMPLICATIONS

As GZYY and Yuexiu Property are the controlling shareholders of the Company, each of them is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Property Lease Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps under the Property Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

Reference is made to an announcement made by the Company dated 18 December 2023 in relation to Property Leases entered into by the Company with certain subsidiaries of Yuexiu REIT, which is 37.61% owned by Yuexiu Property as at the date of this announcement. As the properties leased under the Property Leases have been recognised as right-of-use asset in accordance with HKFRS16, they constitute connected transactions (instead of continuing connected transactions) for the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Property Leases will not be included for the utilisation of the annual caps proposed in respect of the Property Lease Framework Agreement and are not aggregated for the computation of the applicable percentage ratios. Nevertheless, for illustrative purposes, the applicable percentage ratios in respect of the Property Leases and the annual caps under the Property Lease Framework Agreement, if aggregated, are also less than 5%.

Save for Lin Feng, Zhang Jianguo and Yao Xiaosheng, none of the other Directors has or is deemed to have a material interest in the Property Lease Framework Agreement and the transactions contemplated thereunder. Hence, only Lin Feng, Zhang Jianguo and Yao Xiaosheng are required to abstain from voting on the relevant Board resolution(s) of the Company.

VIII DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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: 6626)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Lease Agreements”	the lease agreements between the Group, on the one hand, and Yuexiu Property and its associates, on the other hand, which were entered into pursuant to the Existing Property Lease Framework Agreement
“Existing Property Lease Framework Agreement”	the framework agreement entered into among the Company and Yuexiu Property on 7 June 2021 to govern the Group’s leases of properties from Yuexiu Property and its associates which are exempt from recognition as right-of-use assets under HKFRS16
“GCD China”	Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), a company with limited liability incorporated in the British Virgin Islands and is directly wholly owned by Yuexiu Property. GDC China is a controlling shareholder of the Company
“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	the Company and its subsidiaries

“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of Yuexiu Property and the Company
“HKFRS”	Hong Kong Financial Reporting Standard(s) (including Hong Kong Accounting Standards and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(es)”	any entity or person who is not a connected person of the Company
“Listing Date”	28 June 2021, being the date on which the shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Leases”	the lease agreements dated 18 December 2023 entered into between certain subsidiaries of the Company and certain subsidiaries of Yuexiu REIT in relation to the leasing of carpark spaces and office spaces as announced by the Company on 18 December 2023
“Property Lease Framework Agreement”	the framework agreement entered into among the Company, GZYX and Yuexiu Property on 31 December 2023 to govern the Group’s leases of properties from GZYX, Yuexiu Property and their respective associates which are exempt from recognition as right-of-use assets under HKFRS16

“Prospectus”	the prospectus of the Company dated 16 June 2021 in relation to its global offering
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Yuexiu Property”	Yuexiu Property Company Limited (越秀地產股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00123) and the controlling shareholder of the Company
“Yuexiu REIT”	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time (whose units are listed on the Main Board of the Stock Exchange) and shall, as the context requires, include the companies controlled by it
“%”	per cent

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

Hong Kong, 2 January 2024

As at the date of this announcement, the Executive Directors are Mr. Zhang Jianguo, Mr. Zhang Chenghao 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. Leung Yiu Man.

* *For identification purpose only*