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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

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**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF A 20% INTEREST  
IN A NEW METRO PROPERTY PROJECT;  
(2) NOTICE OF GENERAL MEETING; AND  
(3) CLOSURE OF REGISTER OF MEMBERS**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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A notice convening the GM (as defined herein) of Yuexiu Property Company Limited to be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 26 June 2024 at 10:30 a.m. (or if later, on the same day and at the same place immediately after the AGM (as defined herein)) as set out on pages GM-1 to GM-2 of this circular. Whether or not you are able to attend the GM, please complete and sign the form of proxy for use at the GM in accordance with the instructions printed thereon and return the same to the share registrar of Yuexiu Property Company Limited, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting thereof (as the case may be).

The Company would like to remind all Shareholders that physical attendance at the GM 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 GM as their proxy to vote on the resolution at the GM instead of attending the GM in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the 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.

7 June 2024

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## TIMETABLE

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### EXPECTED TIMETABLE FOR THE GM

Despatch of GM circular and the GM Notice . . . . . Friday, 7 June 2024

Latest time for lodging transfer documents for  
entitlements to the right to attend and vote  
at the GM . . . . . 4:30 p.m. on Thursday, 20 June 2024

GM . . . . . 10:30 a.m.<sup>(3)</sup> on Wednesday, 26 June 2024

Announcement of voting results of the GM . . . . . Wednesday, 26 June 2024

*Notes:*

- (1) Shareholders should note that the dates or deadlines specified in the expected timetable for the Acquisition and the GM as set out above, and in other parts of this circular, are indicative only. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers it appropriate to do so. The Company will make an announcement to notify Shareholders and the Stock Exchange of any such extension or adjustment to the expected timetable.
- (2) All time and dates in this circular refer to Hong Kong local time and dates.
- (3) Or if later, on the same day and at the same place immediately after the AGM.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“Acquisition”	the Equity Transfer and the Loan Rights Acquisition
“AGM”	the annual general meeting of the Company to be held at 10:15 a.m. on Wednesday, 26 June 2024
“Announcement”	the announcement of the Company dated 19 May 2024 in relation to the Acquisition
“Appraised Value(s)”	the market value of the Pazhou South Phase Two Project or the Target Holding Company as at 31 March 2024 as determined by the Independent Valuer
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Yuexiu Property Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Cooperative Development Agreement”	has the meaning given to it in the section headed “Management of the Target Company” in the Letter of the Board
“Debt Restructuring Agreement”	has the meaning given to it in the section headed “The Transaction Documents” in the Letter of the Board
“Directors”	the directors of the Company
“Equity Consideration”	has the meaning given to it in the section headed “The Acquisition” in the Letter of the Board
“Equity Transfer”	the transfer of the Target Holdco Equity Interests by the Seller to the Purchaser
“Equity Transfer Agreement”	has the meaning given to it in the section headed “The Transaction Documents” in the Letter of the Board
“GCCD”	廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd.), a company established in the PRC with limited liability which is indirectly owned as to 95% by the Company and 5% by GZYX

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## DEFINITIONS

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“GCD Nansha”	廣州城建開發南沙房地產有限公司 (Guangzhou City Construction & Development Group Nansha Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of GCCD
“GFA”	gross floor area
“GM”	the general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition)
“Group”	the Company and its subsidiaries
“Guangzhou Metro”	廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.*), a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“Guangzhou Xingcheng”	廣州市興城實業發展有限公司 (Guangzhou Xingcheng Property Development Ltd.*), a company established in the PRC with limited liability and a subsidiary of the Company, which indirectly owns 10% of the Purchaser
“GZYX”	廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited*), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun, Mr. Lau Hon Chuen Ambrose and Mr. Cheung Kin Sang, established to advise the Independent Shareholders in respect of whether the Acquisition is fair and reasonable and as to voting
“Independent Financial Adviser”	Yu Ming Investment Management Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Acquisition is fair and reasonable and as to voting

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than (i) any Shareholder who has a material interest in the Acquisition other than its interest as a Shareholder; and (ii) any close associate of such Shareholder referred to in (i)
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Latest Practicable Date”	5 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the Target Holdco Loan Consideration and the Target Company Loan Consideration
“Loan Rights Acquisition”	the acquisition of the Target Holdco Loan and the Target Company Loan
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Pazhou South Phase Two Project”	has the meaning given to it in the section headed “Information of the parties to the Acquisition and the Pazhou South Phase Two Project” in the Letter from the Board
“PRC”	the People’s Republic of China and for the purpose of this circular excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Acquisition”	has the meaning given to it in the section headed “Financial Information on the Target Holding Company” in the Letter from the Board
“Purchaser”	廣州越秀華城房地產開發有限公司 (Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Smart Light Group Limited 慧怡集團有限公司, a company incorporated in Hong Kong with limited liability and a subsidiary of GZYY
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meter(s)
“Target Company”	廣州市品鑫房地產開發有限公司 (Guangzhou Pinxin Property Development Co., Ltd.*), a company established in the PRC with limited liability, which is owned as to 80% and 20% by Guangzhou Metro and the Target Holding Company respectively as at the Latest Practicable Date
“Target Company Loan Consideration”	has the meaning given to it in the section headed “The Acquisition” in the Letter from the Board
“Target Company Loan”	has the meaning given to it in the section headed “The Acquisition” in the Letter from the Board
“Target Holdco Equity Interests”	the entire equity interests in the Target Holding Company which in turn holds the 20% equity interests in the Target Company
“Target Holdco Loan Consideration”	has the meaning given to it in the section headed “The Acquisition” in the Letter from the Board
“Target Holdco Loan”	has the meaning given to it in the section headed “The Acquisition” in the Letter from the Board
“Target Holding Company”	廣州泉秀房地產開發有限公司 (Guangzhou Quanxiu Property Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of GZYX as at the Latest Practicable Date, which in turn owns the 20% equity interests in the Target Company
“Transaction Document” or “Transaction Documents”	each of or collectively, the Equity Transfer Agreement and the Debt Restructuring Agreement (as the case may be)
“Transaction Effective Date”	has the meaning given to it in the section headed “The Transaction Documents” in the Letter from the Board
“Transferor”	has the meaning given to it in the section headed “Management of the Target Company” in the Letter from the Board
“YXE”	Yue Xiu Enterprises (Holdings) Limited, a company incorporated in Hong Kong with limited liability and which is a direct wholly-owned subsidiary of GZYX

\* For identification purposes only

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LETTER FROM THE BOARD

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**越秀地產股份有限公司**  
**YUEXIU PROPERTY COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

***Executive Directors***

Mr. Lin Zhaoyuan (*Chairman*)  
Mr. Zhu Huisong  
Mr. He Yuping  
Ms. Chen Jing  
Ms. Liu Yan

***Registered Office***

26th Floor  
Yue Xiu Building  
160 Lockhart Road  
Wanchai, Hong Kong

***Non-Executive Director***

Mr. Zhang Yibing

***Independent Non-executive Directors***

Mr. Yu Lup Fat Joseph  
Mr. Lee Ka Lun  
Mr. Lau Hon Chuen Ambrose  
Mr. Cheung Kin Sang

7 June 2024

*To the Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the Announcement. On 19 May 2024, the Group entered into the Equity Transfer Agreement and the Debt Restructuring Agreement upon and subject to the respective terms and conditions of the Transaction Documents.

The purposes of this circular are to provide you with, among other things, (i) further information on the Acquisition; (ii) a letter of recommendations from the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) valuation reports in respect of each of the Target Holding Company and the Pazhou South Phase Two Project; and (v) a notice of the GM.



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## LETTER FROM THE BOARD

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### THE ACQUISITION

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

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

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

As at the Latest Practicable Date, the aggregate outstanding principal amount under the Target Holdco Loan and the Target Company Loan amounted to RMB2,054.65 million. For illustrative purpose, and assuming (i) the completion of the Equity Transfer takes place on 3 July 2024 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests); (ii) the completion of the Loan Rights Acquisition takes place on 26 September 2024 (being 60 business days after completion of the Equity Transfer, the latest time for completing the Loan Rights Acquisition); (iii) the undrawn amounts under the agreements governing each of the Target Holdco Loan and the Target Company Loan are fully withdrawn on 6 June 2024 (being the date immediately after the Latest Practicable Date); and (iv) no repayment is made under the Target Holdco Loan and the Target Company Loan from the date when the Transaction Documents are entered into to completion of the Loan Rights Acquisition, the Loan Consideration payable by GCCD would be approximately RMB2.23 billion.

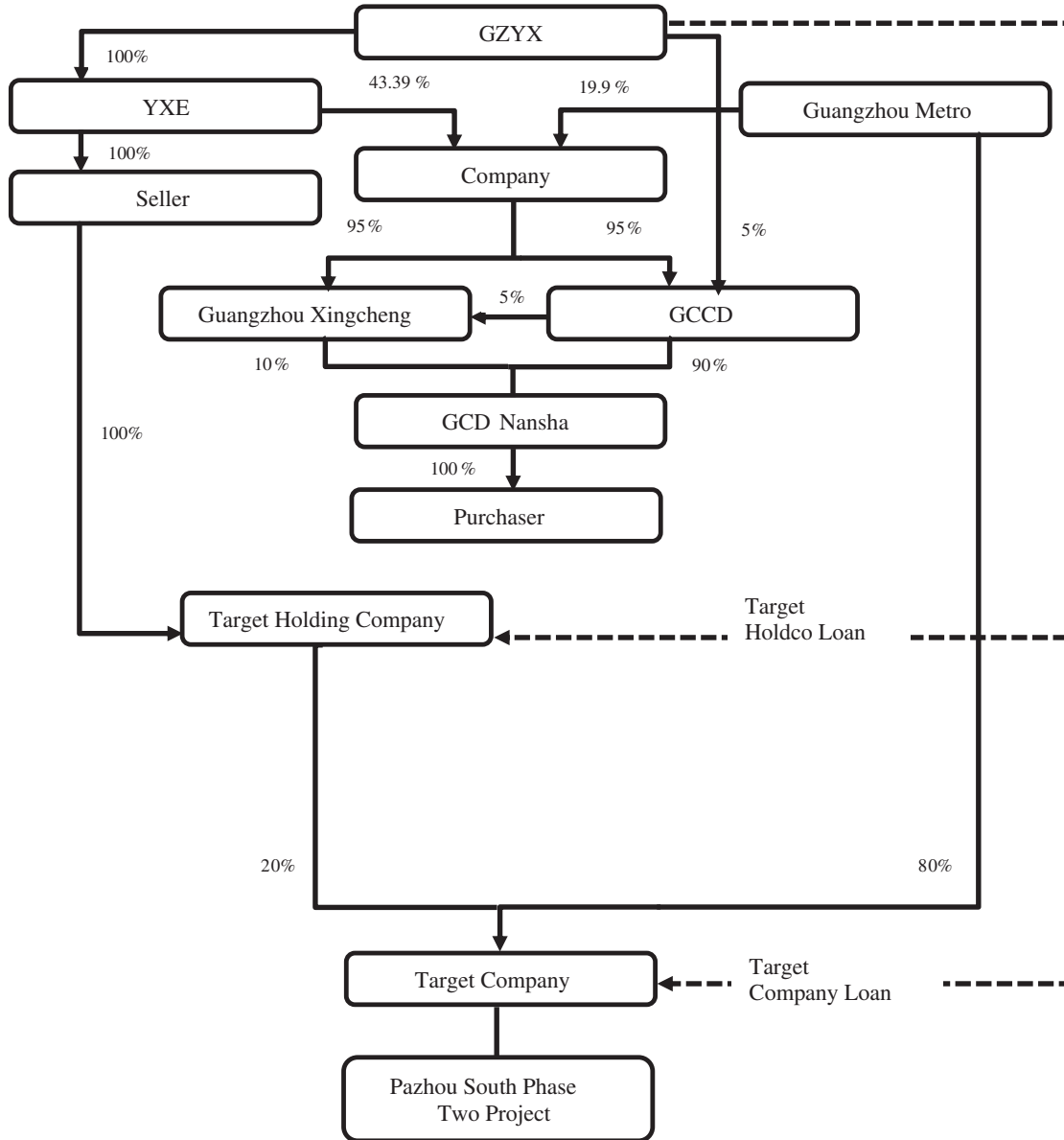
The consideration of the Acquisition is higher than that of the Previous Acquisition mainly because of the following: (a) the interest of the Target Holdco Loan and the Target Company Loan accrued and continues to accrue from the date of the Previous Acquisition to 26 September 2024

## LETTER FROM THE BOARD

(being the date of Completion of the Loans Rights Acquisition), (b) the money lent by GZYX to the Target Holding Company for day-to-day operation; (c) the money which GZYX lent to the Target Holding Company for the acquisition of the 20% interest in the Target Company; and (d) the line of credit from GZYX to the Target Holding Company and the Target Company, which was expected to be used (and was used) on or before 6 June 2024.

### *Corporate structure before and immediately after the completion of the Acquisition*

Set out below is the simplified corporate structure chart as at the Latest Practicable Date:

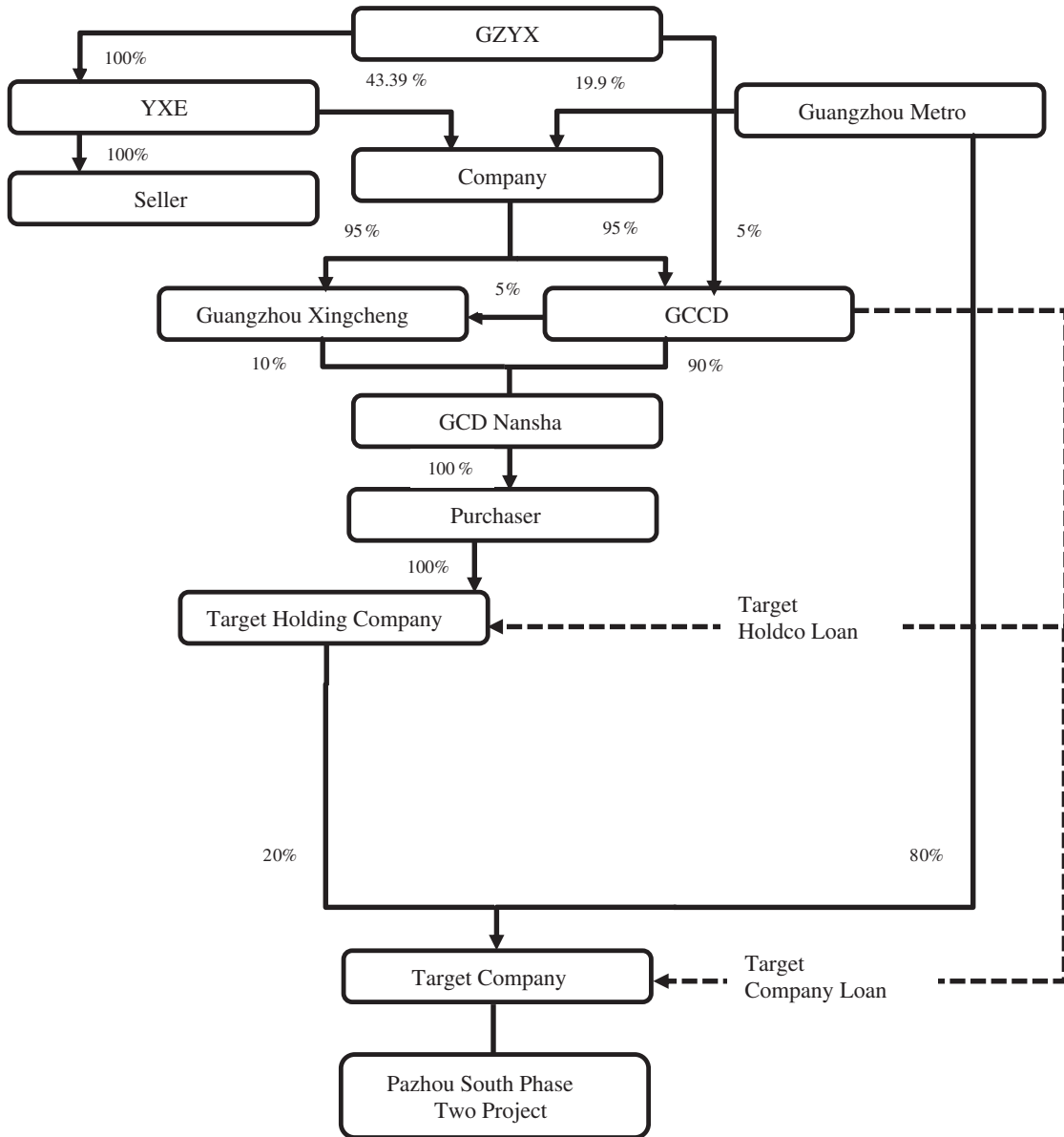


Notes:

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

## LETTER FROM THE BOARD

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



Notes:

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

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## LETTER FROM THE BOARD

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### **BASIS OF DETERMINATION OF CONSIDERATION FOR THE ACQUISITION**

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

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

### **THE TRANSACTION DOCUMENTS**

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

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

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

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

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

#### **Conditions**

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

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

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## LETTER FROM THE BOARD

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### *Consideration, payment terms and completion*

Subject to the Transaction Documents having become effective:

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

### *Indemnity*

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

### *Termination*

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

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

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

### **MANAGEMENT OF THE TARGET COMPANY**

Following completion of the Acquisition, (a) the Target Holding Company will become a subsidiary of the Company, and the Target Holding Company will in turn hold 20% equity interests in the Target Company; (b) the financial results of the Target Holding Company will be consolidated into that of the Company; and (c) the Target Company will only be accounted for as an associate of the Company.

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## LETTER FROM THE BOARD

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

### *Board composition and reserved matters*

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

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

### *Further funding*

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

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

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## LETTER FROM THE BOARD

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### *Profit distribution arrangements*

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

### *Right of first refusal*

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

### *Operation and management*

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

### *Undertaking by Guangzhou Metro*

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

### *Undertaking by the Target Holding Company*

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

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECTS OF THE ACQUISITION

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

Since the Pazhou South Phase Two Project is still under development, the Pazhou South Phase Two Project is not expected to have any significant impact on the earnings of the Group in the short run. It is anticipated that the Pazhou South Phase Two Project will contribute positively to the Group's financial performance upon delivery of the properties to customers. The Acquisition is not expected to have a material impact on the net assets of the Group as a whole.

### FINANCIAL INFORMATION OF THE TARGET HOLDING COMPANY

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

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

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

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



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## LETTER FROM THE BOARD

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

#### **The Company**

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

#### **The Target Holding Company**

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

#### **The Target Company**

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

#### **The Seller**

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

#### **The Purchaser**

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

#### **GCCD**

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

#### **GZYY**

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

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## LETTER FROM THE BOARD

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### **Guangzhou Metro**

Guangzhou Metro is a wholly state-owned company under the Guangzhou Municipal Government of the PRC. Established in 1992, Guangzhou Metro is responsible for the financing, investment, construction, operation, property development and expansion of Guangzhou's urban rail transportation. As at the Latest Practicable Date, Guangzhou Metro indirectly owns approximately 19.9% shareholding in the Company.

### **The Pazhou South Phase Two Project**

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

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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

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

The Board (including the independent non-executive Directors, who have considered the advice of the Independent Financial Adviser, but excluding Mr. Lin Zhaoyuan who is regarded as having a material interest in the Acquisition and therefore has abstained from voting on the relevant board resolutions of the Company) considers that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER LISTING RULES

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

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

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

GZYG wholly-owns YXE (the controlling shareholder of the Company) and is therefore an associate of YXE and a connected person of the Company. Each of GZYG and its associates will abstain from voting on the relevant resolution to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the GM. Further, as Guangzhou Metro is an 80% shareholder of the Target Company and has entered into the Cooperative Development Agreement with the Target Holding Company, Guangzhou Metro is considered to have a material interest in the Acquisition and the transactions contemplated thereunder other than its interest as a shareholder of the Company and therefore, it (together with its associates) will abstain from voting on the relevant resolution to be proposed at the GM. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Acquisition, and therefore no other Shareholder is required to abstain from voting on the relevant resolution to approve the Transaction Documents and the transactions contemplated thereunder for the purpose of the Listing Rules.

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

### INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

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

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## LETTER FROM THE BOARD

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

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024 (both days inclusive), during which no transfer of Shares will be effected, to determine the eligibility of the Shareholders to participate in the GM. For Shareholders not already on the register of the members of the Company, in order to qualify to attend and vote at the GM, all transfer(s) of Share(s) (together with the relevant Share certificate(s)) must be lodged with the Company's share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than 4:30 p.m. on Thursday, 20 June 2024.

### GM AND CIRCULAR

The GM will be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 26 June 2024 at 10:30 a.m. (or if later, on the same day and at the same place immediately after the AGM) for the purpose of considering and, if thought fit, to approve, among other things, passing the resolution set out in the notice of the GM, which is set out on pages GM-1 to GM-2 of this circular.

Whether or not you are able to attend and vote at the GM in person, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Tricor Abacus 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 GM or any adjourned meeting thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof should you so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked. The voting in respect of the resolution to be proposed at the GM will be conducted by way of a poll.

You can vote at the GM if you are a Shareholder on Wednesday, 26 June 2024. You will find enclosed with this circular the notice of the GM (please refer to pages GM-1 to GM-2 in this circular) and a form of proxy for use for the GM.

### VOTING

The resolution set out in the notice of the GM would be decided by poll in accordance with the Listing Rules and the articles of association of the Company. On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy who is entitled to more than one vote need not use all of his/its votes or cast all of his/its votes in the same way. After the conclusion of the GM, the poll results will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <http://www.yuexiuproperty.com>.

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## LETTER FROM THE BOARD

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Pursuant to the Listing Rules, any Shareholder who has a material interest in any of the Transaction Documents and the transaction contemplated thereunder other than its interest as a Shareholder, and such Shareholder's associates shall abstain from voting on the resolution to approve the same to be proposed at the GM. As at the Latest Practicable Date, GZYX and its respective associates held approximately 43.39% of the Shares in issue and hence will abstain from voting on the relevant resolution to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the GM. Further, as at the Latest Practicable Date, Guangzhou Metro and its associates held approximately 19.9% of the Shares in issue and hence will abstain from voting on the relevant resolution to be proposed at the GM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the relevant resolution to approve the Transaction Documents and the transactions contemplated thereunder for the purpose of the Listing Rules.

### RECOMMENDATIONS

You are advised to read carefully the letter from the Independent Board Committee on pages 20 to 21 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 22 to 40 of this circular, consider that the terms and conditions of the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Transaction Documents and the transactions contemplated thereunder at the GM.

The Board (excluding Mr. Lin Zhaoyuan who is regarded as having a material interest in the Acquisition and therefore has abstained from voting on the relevant board resolutions of the Company) considers that the terms of the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the GM.

**Shareholders and potential investors of the Company should be aware that the Acquisition is subject to certain conditions being satisfied, therefore the Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### ADDITIONAL INFORMATION

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

Yours faithfully,  
By Order of the Board  
**Yuexiu Property Company Limited**  
**Lin Zhaoyuan**  
*Chairman and executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition).*



7 June 2024

*To the Independent Shareholders*

Dear Sir or Madam,

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

We refer to the circular of the Company dated 7 June 2024 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to (1) whether the terms and conditions of the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and (2) how to vote in respect to the resolution to be proposed at the GM to approve the Transaction Documents and the transactions contemplated thereunder after taking into account recommendation of the Independent Financial Adviser.

We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser. Details of the advice of the Independent Financial Adviser, together with the principal factors and reasons it has taken into consideration, are set out on pages 22 to 40 of the Circular; and (ii) the letter from the Board as set out on pages 6 to 19 of the Circular.

Having considered the terms of the Transaction Documents and the transactions contemplated thereunder and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that the terms and conditions of the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolution to approve the Transaction Documents and the transactions contemplated thereunder at the GM.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**YU Lup Fat Joseph**

*Independent*

*Non-executive*

*Director*

**LEE Ka Lun**

*Independent*

*Non-executive*

*Director*

**LAU Hon Chuen Ambrose**

*Independent*

*Non-executive*

*Director*

**CHEUNG Kin Sang**

*Independent*

*Non-executive*

*Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from Yu Ming Investment Management Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



YU MING INVESTMENT MANAGEMENT LIMITED  
禹銘投資管理有限公司

7 June 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

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

Reference is made to the announcement of the Company dated 19 May 2024 in connection with the Acquisition, details of which are set out in the section headed “Letter from the Board” (the “**Letter**”) in the circular of the Company dated 7 June 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 May 2024, the Purchaser and GCCD entered into the Transaction Documents with, among others, the Seller (a subsidiary of GZYX) and GZYX, pursuant to which the Purchaser conditionally agreed to acquire the Target Holdco Equity Interests and GCCD conditionally agreed to acquire the Target Holdco Loan and the Target Company Loan comprising:

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



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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drawdown and bear interests at 4.5% per annum as at the Latest Practicable Date), by way of refinancing the Target Company Loan (inclusive of accrued interest) on a dollar-for-dollar basis and on the same terms thereof (the “**Target Company Loan Consideration**”). GCCD has also agreed to assume the burden of any undrawn amount under the agreement governing the Target Company Loan upon completion of the Equity Transfer which, as at the Latest Practicable Date, amounted to approximately RMB14.37 million,

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

As at the Latest Practicable Date, the aggregate outstanding principal amount under the Target Holdco Loan and the Target Company Loan amounted to approximately RMB2,054.65 million. For illustrative purpose, and assuming (i) the completion of the Equity Transfer takes place on 3 July 2024 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests); (ii) the completion of the Loan Rights Acquisition takes place on 26 September 2024 (being 60 business days after completion of the Equity Transfer, the latest time for completing the Loan Rights Acquisition); (iii) the undrawn amounts under the agreements governing each of the Target Holdco Loan and the Target Company Loan are fully withdrawn on 6 June 2024 (being the date immediately after the Latest Practicable Date); and (iv) no repayment is made under the Target Holdco Loan and the Target Company Loan from the date when the Transaction Documents are entered into to completion of the Loan Rights Acquisition, the Loan Consideration payable by GCCD would be approximately RMB2.23 billion.

The consideration of the Acquisition is higher than that of the Previous Acquisition mainly because of the following: (a) the interest of the Target Holdco Loan and the Target Company Loan accrued and continues to accrue from the date of the Previous Acquisition to 26 September 2024 (being the date of Completion of the Loans Rights Acquisition), (b) the money lent by GZYG to the Target Holding Company for day-to-day operation; (c) the money which GZYG lent to the Target Holding Company for the acquisition of the 20% interest in the Target Company; and (d) the line of credit from GZYG to the Target Holding Company and the Target Company, which was expected to be used (and was used) on or before 6 June 2024.

### *Implications under Listing Rules*

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

As at the Latest Practicable Date, the Seller, a direct wholly-owned subsidiary of YXE (the controlling shareholder of the Company), is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the Acquisition exceed(s) 5%, the Acquisition is also subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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GZYG wholly-owns YXE (the controlling shareholder of the Company) and is therefore an associate of YXE and a connected person of the Company. Each of GZYG and its respective associates will abstain from voting on the relevant resolution to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the GM. Further, as Guangzhou Metro is 80% shareholder of the Target Company and has entered into the Cooperative Development Agreement with the Target Holding Company, Guangzhou Metro is considered to have a material interest in the Acquisition and the transactions contemplated thereunder other than its interest as a shareholder of the Company and therefore, it (together with its associates) will abstain from voting on the relevant resolution to be proposed at the GM.

### *Independent Board Committee and Independent Financial Adviser*

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

Yu Ming Investment Management Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the statements, information, opinions and representations provided to us by the Directors through management, officers and professional advisers of the Company (“**Relevant Information**”). We have assumed that all Relevant Information provided to us by the Directors for which they are solely responsible are, to the best of their knowledge, true, complete and accurate at the time they were made and continue to be so on the date of this letter.

We have no reason to suspect that any Relevant Information has been withheld, nor are we aware of any fact or circumstance which would render the Relevant Information provided and presented to us untrue, inaccurate, incomplete or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification on the Relevant Information provided to us by the Directors, nor have we conducted any independent investigation into the business and affairs of the Group.

We acted as the independent financial adviser to advise the independent board committee of Yuexiu Services Group Limited (stock code: 6626, “**Yuexiu Services**”) and Yuexiu Transport Infrastructure Limited (stock code: 1052, “**Yuexiu Transport**”), both being associates of GZYG, in respect of connected transactions of Yuexiu Services and Yuexiu Transport in the past two years (details of the connected transactions were set out in the announcements of Yuexiu Services dated 18 December 2023 and 2 January 2024 and the announcements of Yuexiu Transport dated 28 September 2023 and 17 October 2023). These previous engagements had been completed after the issue of the respective announcement and will not affect our independence. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we comply with Rule 13.84 of the Listing Rules and are eligible to give independent advice in respect of the Acquisition to the Independent Board Committee and the Independent Shareholders.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

#### I. INFORMATION OF THE GROUP

##### *(a) Background of 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: 00123). The Company is principally engaged in property development and investment, deepening the implementation of the “1+4” national strategic layout and deep cultivation of the Greater Bay Area market, and focusing on expanding their business in Eastern China, Central China, Northern China and Southwestern China. As at 31 December 2023, the landbank of the Group amounted to approximately 25.67 million sq.m., located in 29 cities in China.

##### *(b) Financial information on the Group*

A summary of financial information of the Group is extracted from the annual report of the Company for the year ended 31 December 2022 and the annual report of the Company for the year ended 31 December 2023 (“**2023 Annual Report**”) in Table-1 below:

**Table-1: Financial highlights of the Group**

	For the year ended 31 December		
	2021	2022	2023
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	57,378,861	72,415,643	80,222,011
Gross profit	12,482,465	14,805,616	12,257,627
Profit for the year	5,273,639	6,137,368	4,575,049
Profit attributable to equity holders of the Company	3,588,929	3,953,352	3,185,085

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	51,051,339	62,377,910	63,014,367
Current assets	262,803,546	283,974,066	338,164,361
Current liabilities	182,620,792	178,509,592	210,086,539
Non-current liabilities	56,867,344	83,049,643	88,883,409
Net assets	74,366,749	84,792,741	102,208,780

The revenue of the Group mainly generated from property development, property investment and property management. For the year ended 31 December 2022, the revenue of the Group was approximately RMB72.42 billion, representing a year-on-year increase of 26.2%. Profit attributable to equity holders was approximately RMB3.95 billion, representing a year-on-year increase of 10.2%. Core net profit (profit attributable to equity holders excluding net fair value gain on revaluation of investment properties and the related tax effect and net foreign exchange loss recognised in consolidated statement of profit or loss) was approximately RMB4.24 billion, representing a year-on-year increase of 2.1%. The increase in revenue and profit was mainly due to that more GFA were delivered to customers in 2022.

For year ended 31 December 2023, the revenue of the Group was approximately RMB80.22 billion, representing a year-on-year increase of 10.8%. Profit attributable to equity holders was approximately RMB3.19 billion, representing a year-on-year decrease of 19.4%. Core net profit (profit attributable to equity holders excluding net fair value gain on revaluation of investment properties and the related tax effect and net foreign exchange loss recognised in consolidated statement of profit or loss) was approximately RMB3.49 billion, representing a year-on-year decrease of 17.5%. The decrease in net profit was mainly due to the decrease in gross profit margin of 5.1 percentage points to 15.3%.

As at 31 December 2023, the Group's total assets amounted to approximately RMB401.2 billion, representing an increase of approximately 15.8% from approximately RMB346.4 billion as at 31 December 2022. Non-current assets of the Group, which mainly consist of investment properties, interests in joint ventures and interests in associated entities, amounted to approximately RMB63.0 billion as compared to approximately RMB62.4 billion as at 31 December 2022. The Group's current assets recorded an increase of approximately 19.1% from approximately RMB284.0 billion as at 31 December 2022 to approximately RMB338.2 billion as at 31 December 2023. The Group had a cash and cash equivalents of approximately RMB29.3 billion as at 31 December 2023, representing an increase of approximately 34.4% from approximately RMB21.8 billion as at 31 December 2022.

Total liabilities of the Group increased by approximately 14.3% from approximately RMB261.6 billion as at 31 December 2022 to approximately RMB299.0 billion as at 31 December 2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2023, the total equity attributable to owners of the Company amounted to approximately RMB55.6 billion, which represented an increase of approximately 17.3% from approximately RMB47.4 billion as at 31 December 2022.

### II. THE ACQUISITION

On 19 May 2024, the Seller (a subsidiary of GZYX), the Purchaser (an indirect non-wholly-owned subsidiary of the Company), GZYX, GCCD and the Target Holding Company entered into the Equity Transfer Agreement in respect of the Equity Transfer. On the even date, GZYX (as assignor), GCCD (as assignee) and the Target Company (as debtor) entered into the Debt Restructuring Agreement in respect of the Loan Rights Acquisition. Details of the Acquisition are set out in the section headed “The Transaction Documents” in the Letter included in the Circular.

#### **Basis of determination of consideration for the Acquisition**

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

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

#### **Evaluation of the Consideration**

As disclosed in the Letter, the Equity Consideration of approximately RMB14.97 million was determined with reference to the market value of entire equity interest in the Target Holding Company as at 31 March 2024 (the “**Valuation Date**”), which was RMB14.97 million, as valued by the Independent Valuer, and the Loan Consideration is the dollar-for-dollar value of the Target Holdco Loan and the Target Company Loan (together with accrued interest).

#### ***Equity Consideration***

We have reviewed the valuation reports (the “**Valuation Reports**”) prepared by the Independent Valuer on the Target Holding Company and the Pazhou South Phase Two Project as set out in Appendices IA and IB to the Circular and discussed with the Independent Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the valuation (the “**Valuation**”) of the Target Holding Company, the Target Company and the Pazhou South Phase Two Project.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In order to assess the expertise and independence of the Independent Valuer, we have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company; and (ii) the Independent Valuer's qualification and experience in relation to the preparation of the Valuation Reports. The Independent Valuer has confirmed that it is independent to the Group, GZYYX and Guangzhou Metro. From the engagement letter, we noted that there were no limitations on the scope of work for conducting the Valuation and the scope of work is appropriate to the opinion given. The Independent Valuer carried out a site visit and inspected the Pazhou South Phase Two Project in April 2024, and has been provided with copies of documents in relation to the title of the property interests as well as floor plan of the Pazhou South Phase Two Project. From the qualification and experience of core members in charge of the Valuation set out in the Valuation Reports, we noted that (i) Mr. Eddie T. W. Yiu, the person who led the Valuation of the Pazhou South Phase Two Project, is a Chartered Surveyor who has over 30 years' of experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region; and (ii) Simon M.K. Chan, the person who led the Valuation of the Target Holding Company and Target Company, is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia, an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore) who has over 20 years' of experience in valuation and corporate advisory business for listed and private companies in different industries in Mainland China and Hong Kong. Having considered the above, we consider that the scope of work of the Independent Valuer under the terms of engagement is appropriate and the Independent Valuer possesses sufficient relevant experience in performing the Valuation.

The valuation of the Target Holding Company and the Target Company was carried out on a market value basis. The valuation of the net asset value ("NAV") of the Target Holding Company and the Target Company has been prepared in accordance with the International Valuation Standards on business valuation published by International Valuation Standards Council, which sets out guideline on the basis and valuation approaches used in business valuation.

It is noted that the valuation of the NAV of the Target Holding Company and the Target Company was prepared based on their respective audited accounts as at 31 March 2024. According to the audited accounts of the Target Company, apart from the Pazhou South Phase Two Project (which accounted for approximately 98.5% of the total assets of the Target Company), (i) other assets of the Target Company comprise deferred tax assets, other receivables and prepayment, other current asset and cash and cash equivalents; and (ii) the liabilities of the Target Company comprise trade payable, other payables and accrued charges, tax payable and other non-current liabilities. According to the audited accounts of the Target Holding Company, apart from the interest in the Target Company (which accounted for approximately 94.4% of the total assets of the Target Holding Company), (i) other assets of the Target Holding Company comprise cash and cash equivalents and other receivables and prepayment; and (ii) the liabilities of the Target Holding Company comprise other payables and accrued charges. The Independent Valuer considered that save for the Pazhou South Phase Two Project, other assets and liabilities of Target Company and Target Holding Company are liquid items and the amounts as disclosed in their respective audited accounts have reflected their respective market value and separate valuation is not required.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, the Independent Valuer has separately prepared a valuation of the Pazhou South Phase Two Project. In valuing the Pazhou South Phase Two Project, the Independent Valuer has complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

In valuing the Pazhou South Phase Two Project, the Independent Valuer has adopted the market approach and has identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the Pazhou South Phase Two Project. We also noted that the Independent Valuer has considered a number of criteria when selecting land comparables for conducting valuation of the Pazhou South Phase Two Project, such as (i) recent transactions in the past 24 months; (ii) close proximity (within 10 kilometers) to the Pazhou South Phase Two Project; and (iii) comparable land size, plot ratio, land use and land use term as the Pazhou South Phase Two Project. We considered that the selection criteria adopted are fair and reasonable as they capture recent transacted lands with similar characteristics as the Pazhou South Phase Two Project.

Based on the above criteria, we noted that three comparables have been selected for each of the residential portion and commercial portion of the Pazhou South Phase Two Project (for details of the comparables, please refer to the Valuation Report as set out in Appendix IB to the Circular). We have obtained and reviewed details of the comparables identified by the Independent Valuer and considered that they are comparable to the Pazhou South Phase Two Project. The Independent Valuer has considered the differences between the comparables and the Pazhou South Phase Two Project in terms of various factors and accordingly, made due adjustments. These factors include but not limited to transaction time, location and accessibility, size, plot ratio and land usage. If the Pazhou South Phase Two Project is better than the comparables in terms of the abovementioned factor(s), an upward adjustment is applied, and vice versa. For residential portion of the Pazhou South Phase Two Project, we noted that upward adjustments mainly were made by the Independent Valuer in terms of location and plot ratio and downward adjustments were mainly made by the Independent Valuer in terms of transaction time. For commercial portion of the Pazhou South Phase Two Project, we noted that upward adjustments mainly were made by the Independent Valuer in terms of location and accessibility and land usage and downward adjustments were mainly made by the Independent Valuer in terms of transaction time and plot ratio. Given the Pazhou South Phase Two Project is situated in a more favourable location and does not have any land usage constraints and the adjustments for transaction time and plot ratio were made with reference to the Sales Price Index of New Commercial Housing in 70 Large And Medium-Sized Cities (70個大中城市新建商品住宅銷售價格指數) published by National Bureau of Statistics of China and the Guangzhou's Benchmark Land Price Correction System for State-owned Construction Land 2023 (2023年廣州市國有建設用地基準地價修正體系) published by Guangzhou Municipal Planning and Natural Resources Bureau respectively, we considered that such adjustments are fair and reasonable as they take into account the differences between the Pazhou South Phase Two Project and the comparables.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted from the Independent Valuer that the market approach is one of the commonly adopted approaches for valuation of property and the asset-based approach is one of the commonly adopted approaches for valuation of property holding company/property project company. In this regard, we have performed market research on recent circulars published by companies listed on the Stock Exchange from 1 January 2024 to the date of the Announcement in relation to acquisition or disposal of company with a majority of assets being property interests or properties from/to connected person (“**Valuation Comparables**”). A total of 10 Valuation Comparables were identified which were representative and exhaustive as follows:

<b>Date of circular</b>	<b>Company name (stock code)</b>	<b>Asset to be acquired/ disposed</b>	<b>Principal business of the target company</b>	<b>Description of Property</b>	<b>Valuation approach (business)</b>	<b>Valuation approach (property)</b>
22/04/2024	Chuan Holdings Limited (1420)	Acquisition of 100% equity interest in a company which holds interest in an industrial building	Investment holding and its only significant asset is the property	A nine-storey industrial building in Singapore	Cost approach	Direct comparison method
08/04/2024	HPC Holdings Limited (1742)	Acquisition of 49% equity interest in a subsidiary	Investment holding and its only significant asset is the property	Leasehold land and seven-storey industrial building in Singapore	N/A	Direct comparison method and income capitalisation method
28/03/2024	Chen Xing Development Holdings Limited (2286)	Disposal of 51% equity interest in subsidiary	Sales and development of real estate properties	Mixed-use residential and commercial developments, residential properties and carparking spaces	Asset-based approach	Direct comparison method
28/03/2024	Chen Xing Development Holdings Limited (2286)	Acquisition of 16% equity interest in a subsidiary	Development and sale of residential and commercial properties	Mixed-use residential and commercial developments in Mianyang Science and Technology City New District	N/A	Market approach



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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<b>Date of circular</b>	<b>Company name (stock code)</b>	<b>Asset to be acquired/ disposed</b>	<b>Principal business of the target company</b>	<b>Description of Property</b>	<b>Valuation approach (business)</b>	<b>Valuation approach (property)</b>
22/03/2024	Kowloon Development Company Limited (34)	Disposal of 60% equity interest in subsidiary	Investment holding, property development and property management	Land located in Yangpu District, Shanghai	N/A	Market approach
23/02/2024	Dexin Services Group Limited (2215)	Acquisition of Parking Spaces	N/A	Underground car parking spaces in Hangzhou City, Zhejiang Province	N/A	Market approach
21/02/2024	Kinetic Development Group Limited (1277)	Acquisition of properties	Real estate development and sales business	Commercial property development project located in Taiyuan Hi-Tech Industrial Development Zone	Asset-based approach	Market approach
30/01/2024	Kwung's Holdings Limited (1925)	Disposal of entire equity interest in subsidiary	Property holding	Industrial land and industrial buildings located in Haishu District, Ningbo City	N/A	Cost approach
31/01/2024	Sundy Service Group Co. Ltd (9608)	Acquisition of properties	N/A	Commercial properties located in Shangcheng District of Hangzhou City	N/A	Direct comparison method
15/01/2024	KFM Kingdom Holdings Limited (3816)	Acquisition of 70% equity interest in a company which holds interest in factories	Investment holding	Factory buildings located in Suzhou	Asset-based approach	Market approach

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the table above, we noted that 9 out of 10 of the Valuation Comparables adopted market approach/direct comparison approach for valuation of property and all of the Valuation Comparables (which business valuations were published) adopted asset-based approach/cost approach for valuation of target company. We considered that the valuation approach conducted by the Independent Valuer is comparable to the valuations conducted for the Valuation Comparables as both involving valuation of property assets/property companies. We also concur with the Independent Valuer that the market approach is appropriate for valuation of the Pazhou South Phase Two Project and the asset-based approach is appropriate for valuation of the Target Company and the Target Holding Company.

In view of the above, we consider that the Valuation Reports to be the appropriate source of information for the purpose of our assessment on the fairness and reasonableness of the Equity Consideration.

A market price of RMB51,985 per sq.m. and RMB18,380 per sq.m. was adopted by the Independent Valuer for valuation of the residential portion and commercial portion of the Pazhou South Phase Two Project respectively. For the Guangzhou Metro Undertaking Properties (as defined below), the Independent Valuer has taken into account Guangzhou Metro's undertaking that it will effect the disposal of the commercial properties with a total plot ratio accountable GFA of approximately 148,000 sq.m. and 596 underground parking spaces at the consideration attributable to the land portion of approximately RMB2.8 billion (representing RMB18,892 per sq.m.) as set out in the Cooperative Development Agreement, which represented a premium of approximately 2.8% over the market price of RMB18,380 per sq.m. for commercial portion of the Pazhou South Phase Two Project appraised by the Independent Valuer.

The valuation of Pazhou South Phase Two Project is computed as follows:

	<b>Plot ratio accountable GFA</b>	<b>Adopted market price</b>	<b>Valuation</b>
	<i>(sq.m.)</i>	<i>(RMB per sq.m.)</i>	<i>(RMB' million)</i>
<b>Group I — properties held under development</b>			
Land portion	32,281	51,985	1,678.1
Construction cost and relevant expenses incurred	N/A	N/A	113.8
<i>Sub-total</i>			<i>1,791.9</i>

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>Plot ratio accountable GFA (sq.m.)</b>	<b>Adopted market price (RMB per sq.m.)</b>	<b>Valuation (RMB' million)</b>
<b>Group II — properties held for future development</b>			
Land portion			
- Residential	48,519	51,985	2,522.3
- Commercial	190,607	18,380	3,503.4
- Guangzhou Metro Undertaking Properties	148,055	18,892	2,797.1
Construction cost and relevant expenses incurred	N/A	N/A	—
<i>Sub-total</i>			<u>8,822.7</u>
<b>Total</b>			<b>10,614.6</b>

Based on the Valuation Report, the appraised NAV of the Target Company is approximately RMB5,242.0 million, which is derived as follows:

<b>Target Company</b>	<b>Market Value (RMB'000)</b>
<b><i>Total Assets</i></b>	<b>10,775,734</b>
Deferred tax assets	1,921
Inventories	10,614,600
Other receivables and prepayments	35,887
Other current assets	7,739
Cash and cash equivalents	115,587
<b><i>Total Liabilities</i></b>	<b>5,533,735</b>
Trade payable	4,703
Other payables and accrued charges	116,310
Tax payable	1,288
Other non-current liabilities	5,382,793
Deferred tax liabilities	28,641
<b><i>Net Assets</i></b>	<b>5,242,000</b>
<b><i>20% of Net Assets</i></b>	<b>1,048,400</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the Valuation Report, the appraised NAV of the Target Holding Company is approximately RMB14.97 million which is derived as follows:

<b>Target Holding Company</b>	<b>Market Value</b> <i>(RMB'000)</i>
<b><i>Total Assets</i></b>	<b>1,109,753</b>
Long-term equity investments	1,048,400
Cash and cash equivalents	499
Other receivables and prepayments	60,854
<b><i>Total Liabilities</i></b>	<b>1,094,781</b>
Other payables and accrued charges	1,094,781
<b><i>Net Assets</i></b>	<b>14,972</b>

### ***Loan Consideration***

In respect of the Loan Consideration, we have reviewed the Cooperative Development Agreement, the relevant loan agreements and bank transfer receipts and the calculation of the accrued interest, and noted that the Loan Consideration is the dollar-for-dollar value of the Target Holdco Loan and the Target Company Loan (together with accrued interest). We also noted from the 2023 Annual Report that the finance cost of the Group ranged from 2.78% to 6.10% per annum and the interest rate of the Target Holdco Loan and the Target Company Loan of 4.5% per annum falls within the aforesaid range. Considering the above, we are of the view that the determination of the Loan Consideration is fair and reasonable.

Assuming (i) the completion of the Equity Transfer takes place on 3 July 2024 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests); (ii) the completion of the Loan Rights Acquisition takes place on 26 September 2024 (being 60 business days after completion of the Equity Transfer, the latest time for completing the Loan Rights Acquisition); and (iii) the undrawn amounts under the agreements governing each of the Target Holdco Loan and the Target Company Loan are fully withdrawn on 6 June 2024 (being the date immediately after the Latest Practicable Date), the breakdown of the total investment costs of GZYX in the Pazhou South Phase Two Project is as follows:

	<i>RMB' Million</i>
Principal amount of the Target Holdco Loan (including the equity consideration of RMB2.92 million for the Previous Acquisition)	1,094.38
Principal amount of the Target Company Loan	960.27
Undrawn facilities (assuming they are fully withdrawn on 6 June 2024)	69.99
Paid and accrued interest	<u>102.52</u>
Total investment costs	<u><u>2,227.15</u></u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the management of the Company, GZYX commenced negotiation with Guangzhou Metro for participation in the development of the Pazhou South Phase Two Project prior to the land parcel was open for tender by the Guangzhou government in 2021, and completed the acquisition of 20% interest in the Pazhou South Phase Two Project from Guangzhou Metro on 29 March 2024. It is noted that the total consideration of approximately RMB2,242.13 million for the Acquisition (the “**Total Consideration**”) represents a premium of approximately 0.67% over GZYX’s total investment costs of approximately RMB2,227.15 million in the Pazhou South Phase Two Project. Despite the Acquisition was conducted less than two months after the Previous Acquisition, taking into account the time and cost of GZYX for liaison with Guangzhou Metro for the Previous Acquisition (including due diligence on the Target Company and negotiation on the terms and conditions of the Cooperative Development Agreement) and obtaining the relevant government approvals (including preparing reports and applications) to facilitate the Group’s participation in the Pazhou South Phase Two Project, we consider such small premium is acceptable.

In light of the above, we are of the view that the Acquisition (including the Total Consideration) is fair and reasonable and in the interest of the Company’s shareholders as a whole, and is on normal commercial terms and in the ordinary and usual course of business of the Company.

### III. MANAGEMENT OF THE TARGET COMPANY

Following completion of the Acquisition, (a) the Target Holding Company will become a subsidiary of the Company, and the Target Holding Company will in turn hold 20% equity interests in the Target Company; (b) the financial results of the Target Holding Company will be consolidated into that of the Company; and (c) the Target Company will only be accounted for as an associate of the Company.

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

#### **Board composition and reserved matters**

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

### **Further Funding**

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

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

### **Profit distribution arrangements**

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

### **Right of first refusal**

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Operation and management

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

### Undertaking by Guangzhou Metro

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

### Undertaking by the Target Holding Company

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

As advised by the management of the Company, the selling price per sq.m. of the commercial properties of the Pazhou South Phase Two Project (including the commercial properties under the Target Holding Company Undertakings) is to be determined by the Target Holding Company and Guangzhou Metro, taking into consideration the market price of the time when the commercial properties are offered for sale. Therefore, the units of commercial properties under the Target Holding Company Undertakings could not be ascertained as at the Latest Practicable Date. The sales of commercial properties by the Group in Haizhu District (where the Pazhou South Phase Two Project is located) was approximately RMB2.24 billion for the year ended 31 December 2023, which is higher than the aggregate sales amount of RMB2 billion (spread over three years) contemplated under the Target Holding Company Undertakings. Taking into account the historical sales of commercial properties by the Group in Haizhu District and the favourable location of the Pazhou South Phase Two Project, we concur with the Company's view that the Target Holding Company will be able to fulfil the Target Holding Company Undertakings within three years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### IV. FINANCIAL INFORMATION OF THE TARGET HOLDING COMPANY

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

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

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

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

### V. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Pazhou South Phase Two Project is located on the South side of Pazhou West District in the Haizhu District, Guangzhou. The Pazhou South Phase Two Project is a transit-oriented development (TOD) project and is located near the Chisha depot section of Guangzhou Metro Line No. 11 and is about 6 to 7 kilometres away from the major central business districts of Guangzhou. The Pazhou South Phase Two Project has a site area of 166,331 sq.m. and a plot ratio accountable GFA of 419,462 sq.m. on which residential and commercial properties can be developed. The construction of the Pazhou South Phase Two Project commenced in December 2023.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

Taking into account the reasons and benefits described above, we concur with the Board that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### VI. POSSIBLE FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

As a result of the completion of the Acquisition, (a) the Target Holding Company will become a subsidiary of the Company and the financial results of the Target Holding Company will be consolidated into the Company; and (b) the Target Company will become a 19.1%-owned associate of the Company.

Since the Pazhou South Phase Two Project has been under the development stage, the Company expects that the Pazhou South Phase Two Project would not have a significant impact on the earnings of the Group in the short run. The Company expects that the Pazhou South Phase Two Project will contribute positively to the Group's financial performance upon delivery of the properties of the Pazhou South Phase Two Project to customers and the Acquisition will not have a material impact on the net assets of the Group.

The Acquisition will result in a cash outflow of the Group in the amount of the Total Consideration of approximately RMB2.24 billion. Given (i) the Total Consideration of the Acquisition represents about 7.6% of the cash and cash equivalent of the Group of approximately RMB29.3 billion as at 31 December 2023 only; and (ii) the Target Holding Company is expected to generate cash inflow to the Group from 2025, we concur with the Company that the Acquisition will not have material adverse effect on the working capital of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the principal factors analysed above, we are of the view that (i) the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the GM to approve the Transaction Documents and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**YU MING INVESTMENT MANAGEMENT LIMITED**

**Warren Lee**

*Managing Director*

*Mr. Warren Lee of Yu Ming Investment Management Limited is a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.*



Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
7/F One Taikoo Place  
979 King's Road Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Company Licence No.: C-030171

7 June 2024

The Board of Directors  
**Yuexiu Property Company Limited**  
26/F, Yue Xiu Building  
160 Lockhart Road, Wanchai  
Hong Kong

Dear Sirs,

In accordance with the instructions of Yuexiu Property Company Limited (the “Company”), we have carried out a valuation exercise which requires Jones Lang LaSalle Corporate Appraisal and Advisory Limited to express an independent opinion on the Net Asset Value of Guangzhou Quanyiu Property Development Co., Ltd. (廣州泉秀房地產開發有限公司 or the “Target Holding Company”) as at 31 March 2024 (the “Valuation Date”). The report which follows is dated 7 June 2024 (the “Report Date”).

The purpose of this calculation is for public disclosure reference.

Our valuation was carried out on a market value basis. Market value is defined as “*estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council (“IVSC”). We have planned and performed our valuation so as to obtain all the information and explanation which we have considered necessary in order to provide us with sufficient evidence to express our opinion of the subject asset. We believe that the valuation procedures which we have employed provide a reasonable basis for our opinion.

As part of our analysis, we have been furnished with information prepared by the Target Holding Company regarding the subject business. We have relied to a considerable extent on such information in determining our opinion of value.

In arriving at our assessed value for the net asset value of the Target Holding Company, we have applied the summation method under cost approach.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on our use of numerous assumptions, the background information and relevant data provided by the management of the Target Holding Company and our consideration of various factors that are relevant to the operation of the Target Holding Company. We have also considered various risks and uncertainties that have potential impact on the Target Holding Company.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Holding Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Based on the results of our investigation and analysis outlined in the report that follows, we are of the opinion that the net asset value of the Target Holding Company as at the Valuation Date is RMB14,972,000. (Deferred tax liabilities that may recognize from the difference between book value and appraised value were taken into consideration in this valuation.)

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. All opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,

for and on behalf of

**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**

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**Simon M. K. Chan**

*Executive Director*

## INTRODUCTION

In accordance with the instructions of Yuexiu Property Company Limited (the “Company”), we have carried out a valuation exercise which requires Jones Lang LaSalle Corporate Appraisal and Advisory Limited to express an independent opinion on the Net Asset Value of Guangzhou Quanxiu Property Development Co., Ltd. (廣州泉秀房地產開發有限公司 or the “Target Holding Company”) as at 31 March 2024 (the “Valuation Date”). The report which follows is dated 7 June 2024 (the “Report Date”).

## PURPOSE OF VALUATION

The purpose of this calculation is for public disclosure reference.

## BASIS OF VALUE

Our valuation was carried out on a market value basis. Market value is defined as “*estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

## BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council (“IVSC”). We have planned and performed our valuation so as to obtain all the information and explanation which we have considered necessary in order to provide us with sufficient evidence to express our opinion of the subject asset. We believe that the valuation procedures which we have employed provide a reasonable basis for our opinion.

## BACKGROUND

Established in 2023, Guangzhou Quanxiu Property Development Co., Ltd. (廣州泉秀房地產開發有限公司, the “Target Holding Company”) is a limited liability company in PRC and an indirect wholly owned subsidiary of Guangzhou Yue Xiu Holdings Limited (廣州越秀集團股份有限公司, or “GZYX”). As at the Valuation Date, the Target Holding Company holds 20% equity interest in Guangzhou Pinxin Property Development Co., Ltd. (廣州市品鑫房地產開發有限公司, or the “Target Company”).

The Target Company was established in May 2022 as a property development company and is the sole registered owner of the Pazhou South Phase Two Project, a transit-oriented development (TOD) project, which is located near the Chisha depot section of Guangzhou Metro Line No. 11. The Pazhou South Phase Two Project has a site area of 166,331.00 sq.m. and a plot ratio accountable GFA of 419,462 sq.m. (in accordance with the State-owned Land Use Rights Grant Contract No. 440105-2022-000004), on which residential and commercial properties can be developed. Portions of the construction of the Pazhou South Phase Two Project were commenced in December 2023 and the remaining portion of the Pazhou South Phase Two Project has not started yet as at the Valuation Date.

**SOURCE OF INFORMATION**

This report was compiled after consideration of all relevant information obtained from the Target Holding Company and other public sources. Documents received include, but were not limited to:

- Background information and future business plan;
- Legal documents related to the Target Holding Company;
- Financial statements of the Target Holding Company and the Target Company; and
- Operating and market information of the Target Holding Company and the Target Company.

We conducted interviews and held discussions with the management. We have relied to a considerable extent on information provided in arriving at our opinion of value. We believe that the information provided by the Target Holding Company is reasonable and reliable. In addition, we also conducted research using various sources including government statistics and other publications.

**ASSUMPTIONS**

In determining the net assets value of the Target Holding Company and the Target Company, including the value of the properties, the following key assumptions have been made:

- In valuing the properties, our valuation has been made on the assumption that the seller sells the property interests on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property's interests.
- We have relied to a very considerable extent on the information given by the management and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

**APPROACH AND METHODOLOGY**

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

The Pazhou South Phase Two Project is still in its early stage; hence the Target Holding Company is not in a revenue-generating stage. Given the characteristics of the Target Holding Company, there are substantial limitations for adopting the income approach and the market approach. Firstly, long-term financial projections for the Target Holding Company are not available as at the Valuation Date; and financial projections require subjective assumptions, which might inherit high uncertainty. Secondly, the market approach relies generally on deriving value through a measure of the values of market comparables or transactions. However, there was a lack of market comparables or transactions available as at the Valuation Date to derive an indicative value with a sufficient level of accuracy. Therefore, we have applied cost approach in determining our opinion of value.

Under the cost approach, the summation method is typically adopted for a valuation subject when its value is primarily a factor of the values of the valuation subject's holding assets and liabilities. Under the summation method, each identifiable asset and liability of the Target Holding Company is being valued using the appropriate valuation approaches, and our opinion of value of the Target Holding Company is derived by adding component assets and deducting component liabilities. Details about the methodology on the individual assets and liabilities are presented in the following table.

<b>Assets</b>	<b>Valuation Approach &amp; Methodology</b>
Deferred tax assets; Other current assets; Other receivables and prepayments; Cash and cash equivalents	Based on values in the audit report of the Target Holding Company and the Target Company.
Inventories	Refers to Pazhou South Phase Two Project held by the Target Company. Based on the Valuation Report of the Property issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.
Long-term equity investments	Summation method is applied to valuation on net assets value of the Target Company. Summation method is to assess the equity value of a company based on the market values of the underlying assets of the entity less the value of any related liabilities.
<b>Liabilities</b>	<b>Valuation Approach &amp; Methodology</b>
Trade payable; Other payables and accrued charges; Tax payable; Other non-current liabilities	Based on values in audit report of the Target Holding Company and the Target Company.
Deferred tax liabilities	Deferred tax liability is estimated based on increase in value from book value of Inventories to the appraised value. 25% tax rate is applied in this exercise.

**BOOK VALUES OF ASSETS AND LIABILITIES**

The table below summarizes the book values of the assets and liabilities based on the audit report of the Target Holding Company and the Target Company as at the Valuation Date.

<b>Guangzhou Quanxiu Property Development Co., Ltd.</b>	<b>Book Value</b> <i>(RMB)</i>
<b>Total Assets</b>	<b>1,094,633,369</b>
Cash and cash equivalents	499,642
Other receivables and prepayments	60,853,787
Long-term equity investments*	1,033,279,940
<b>Total Liabilities</b>	<b>1,094,780,902</b>
Other payables and accrued charges	1,094,780,902
<b>Equity</b>	<b>-147,534</b>

\* Long-term investment is 20% equity interest Guangzhou Quanxiu Property Development Co., Ltd holds in Guangzhou Pinxin Property Development Co., Ltd..

<b>Guangzhou Pinxin Property Development Co., Ltd.</b>	<b>Book Value</b> <i>(RMB)</i>
<b>Total Assets</b>	<b>10,661,170,419</b>
Deferred tax assets	1,921,271
Other current assets	7,739,373
Inventories	10,500,036,006
Other receivables and prepayments	35,886,551
Cash and cash equivalents	115,587,218
<b>Total Liabilities</b>	<b>5,505,093,613</b>
Trade payable	4,702,737
Other payables and accrued charges	116,310,201
Tax payable	1,287,955
Deferred tax liabilities	0
Other non-current liabilities	5,382,792,720
<b>Equity</b>	<b>5,156,076,805</b>



**VALUATION COMMENTS**

In general, we have undertaken the necessary and appropriate valuation procedures in the valuation of the assets and liabilities of the Target Holding Company as at the Valuation date. The methodologies adopted are generally considered being suitable with regard to the nature of the relevant assets and liabilities.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Holding Company and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

**RISK FACTORS****Changes in Legal or Regulatory Regimes**

The Target Holding Company and the Target Company is subject to various laws and regulations governing its operations in the PRC. Future political and legal changes in the PRC might have either favorable or unfavorable impacts on the Target Holding Company and the Target Company.

**Economic Considerations**

The PRC economy has experienced significant growth in the past decade, but such growth has been uneven geographically and rose among different sectors of the economy. There is no assurance that the expected economic growth will be realized and future social and economic changes in the PRC will be favorable to the Target Holding Company and the Target Company. The competition in the industry may have adverse effect on the operating performance of the Target Holding Company and the Target Company and hence affect the value of the business.

## OPINION OF VALUE

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the net assets value of the Target Holding Company as at the Valuation Date is RMB 14,972,000. The details are as follows:

<b>Guangzhou Quanxiu Property Development Co., Ltd.</b>	<b>Market Value</b> <i>(RMB)</i>
<b>Total Assets</b>	<b>1,109,753,389</b>
Cash and cash equivalents	499,642
Other receivables and prepayments	60,853,787
Long-term equity investments*	1,048,399,960
<b>Total Liabilities</b>	<b>1,094,780,902</b>
Other payables and accrued charges	1,094,780,902
<b>Net Assets (rounded to thousand)</b>	<b>14,972,000</b>

\* Long-term investment is 20% equity interest Guangzhou Quanxiu Property Development Co., Ltd holds in Guangzhou Pinxin Property Development Co., Ltd..

<b>Guangzhou Pinxin Property Development Co., Ltd.</b>	<b>Market Value</b> <i>(RMB)</i>
<b>Total Assets</b>	<b>10,775,734,413</b>
Deferred tax assets	1,921,271
Other current assets	7,739,373
Inventories	10,614,600,000
Other receivables and prepayments	35,886,551
Cash and cash equivalents	115,587,218
<b>Total Liabilities</b>	<b>5,533,734,612</b>
Trade payable	4,702,737
Other payables and accrued charges	116,310,201
Tax payable	1,287,955
Deferred tax liabilities	28,640,999
Other non-current liabilities	5,382,792,720
<b>Net Assets</b>	<b>5,241,999,801</b>
<b>20% of Net Assets</b>	<b>1,048,399,960</b>

**LIMITING CONDITIONS**

This report and opinion of value are subject to our Limiting Conditions as included in Exhibit A of this report.

Yours faithfully,

for and on behalf of

**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**

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**Simon M. K. Chan**

*Executive Director*

**EXHIBIT A — LIMITING CONDITIONS**

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client / Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client / Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The board of directors and the management of the Client / Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.
9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client / Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. The Client / Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.
15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client / Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client / Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time. The transaction amount does not need to be close to the result as estimated in this report.
  
17. The board of directors, management, staff, and representatives of the Client / Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client / Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

**EXHIBIT B — VALUERS' PROFESSIONAL DECLARATION**

The following valuers certify, to the best of their knowledge and belief, that:

- Information has been obtained from sources that are believed to be reliable. All facts which have a bearing on the value concluded have been considered by the valuers.
- The reported analyses, opinions, and conclusions are subject to the assumptions as stated in the report and based on the valuers' personal, unbiased professional analyses, opinions, and conclusions. The valuation exercise is also bounded by the limiting conditions.
- The reported analyses, opinions, and conclusions are independent and objective.
- The valuers have no present or prospective interest in the asset that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- The valuers' compensation is not contingent upon the amount of the value estimate, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or direction in value that favours the cause of the client.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in accordance with the International Valuation Standards published by the International Valuation Standards Council.
- The under mentioned persons provided professional assistance in the compilation of this report.

**Simon M. K. Chan**  
*Executive Director*

**Hunter Z. W. He**  
*Senior Director*

**Carol X.T. Huang**  
*Manager*

**Jason Z.X. Chen**  
*Assistant Manager*

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## APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

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*The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2024 of the property interest held by the Target Company.*



Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
7/F One Taikoo Place  
979 King's Road Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Company Licence No.: C-030171

7 June 2024

The Board of Directors  
**Yuexiu Property Company Limited**  
26/F, Yue Xiu Building  
160 Lockhart Road, Wanchai  
Hong Kong

Dear Sirs,

In accordance with the instructions of Yuexiu Property Company Limited (the “**Company**”) to value the property interest held by Guangzhou Pinxin Property Development Co. Ltd. (廣州市品鑫房地產開發有限公司, the “**Target Company**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 March 2024 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interest in Group I which is held under development by the Target Company in the PRC, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Company and the Target Company. In arriving at our opinion of value, given the property is still in the early stage of construction, we have adopted the comparison approach by making reference to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Company and the Target Company according to the different stages of construction of the property as at the valuation date, and we did not find any material inconsistency from those of other similar developments.



Comparison approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. Given that relevant land comparable sales transactions are available, we have therefore used comparison approach which is in line with the market practice.

For the purpose of our valuation, real estate developments under development are those for which the Construction Work Commencement Permit(s) has (have) been issued while the Construction Work Completion and Inspection Certificate(s)/Table(s) of the building(s) has (have) not been issued.

We have valued the property interest in Group II which is held for future development by the Target Company in the PRC by the comparison approach assuming sale of the property interest in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market.

For the purpose of our valuation, real estate development for future development is that the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates/Real Estate Title Certificates (for land) have been obtained.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and the Target Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Grant Contract, Real Estate Title Certificate, Construction Land Planning Permit, Construction Work Planning Permits, Construction Work Commencement Permits and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — King & Wood Mallesons, concerning the validity of the property interest in the PRC.

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**APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT**

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We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Property inspection was carried out on 17 April 2024 by Mr. Jason Chen. Mr. Jason Chen is a China Certified Public Valuer and has more than 5 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and the Target Company. We have also sought confirmation from the Company and the Target Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificate are attached below for your attention.

Yours faithfully,  
For and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Eddie T. W. Yiu**  
*MRICS MHKIS RPS (GP)*  
*Senior Director*

*Note:* Eddie T. W. Yiu is a Chartered Surveyor who has 30 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

**SUMMARY OF VALUES**

**Abbreviation:**

*Group I: Property held under development by the Target Company in the PRC*

*Group II: Property held for future development by the Target Company in the PRC*

<b>Property</b>	<b>Market value</b>	<b>Market value</b>	<b>The total</b>
	<b>in existing state as at the valuation date</b>	<b>in existing state as at the valuation date</b>	<b>market value in existing state as at the valuation date</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<b>Group I:</b>	<b>Group II:</b>	
The Pazhou South Phase Two Project located at the southern side of Susha West Road and the western side of Susha Road Haizhu District Guangzhou City Guangdong Province The PRC (琶洲南二期項目)	1,791,900,000	8,822,700,000	10,614,600,000
<b>Total:</b>	<b><u>1,791,900,000</u></b>	<b><u>8,822,700,000</u></b>	<b><u>10,614,600,000</u></b>

# APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024 <i>RMB</i>
<p>The Pazhou South Phase Two Project located at the southern side of Susha West Road and the western side of Susha Road Haizhu District Guangzhou City Guangdong Province The PRC (琶洲南二期項目)</p>	<p>The Pazhou South Phase Two Project is located at the southern side of Susha West Road and the western side of Susha Road, Haizhu District, Guangzhou City. It is well-served by public transportation with about 25 minutes' driving distance to Guangzhou South Railway Station and about 10 minutes' driving distance to Haizhu Coach Station. The locality is a developed residential and commercial area served with various public facilities and convenient transportation network.</p> <p>The property comprises a parcel of land with a site area of approximately 128,112.00 sq.m., which is being developed into a residential and commercial development known as The Pazhou South Phase Two Project. Portions of the property were under development (the "CIP") as at the valuation date and are scheduled to be completed in September 2025. The construction of the remaining portion of the property (the "bare land") had not been commenced as at the valuation date.</p> <p>The classification, usage and planned gross floor area details of the property are set out in note 7.</p> <p>As advised by the Company and the Target Company, the development cost (excluding the land cost) of the CIP of the property is estimated to be approximately RMB505,900,000, of which approximately RMB91,000,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms of 70 years for residential use expiring on 24 April 2093, 40 years for commercial use expiring on 24 April 2063 and 50 years for other use expiring on 24 April 2073.</p>	<p>As at the valuation date, portions of the property were under construction whilst the remaining portion of the property was bare land.</p>	<p>10,614,600,000</p>

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 440105-2022-000004 dated 18 May 2022 and one Revision Contract dated 17 June 2022, the land use rights of the property with a site area of approximately 166,331.00 sq.m. (including 128,112.00 sq.m. for construction use and 38,219.00 sq.m. for road, green space and river uses) were contracted to be granted to the Target Company and the land premium was RMB9,454,000,000. The plot ratio accountable gross floor area of the property is 80,800.00 sq.m. for residential use and 338,662.00 sq.m. for commercial use.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 440105202201387, permissions towards the planning of the property with a site area of approximately 166,331.00 sq.m. (including 128,112.00 sq.m. for construction use and 38,219.00 sq.m. for road, green space and river uses) have been granted to the Target Company.

## APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

3. Pursuant to a Real Estate Title Certificate (for land) — Yue (2023) Guang Zhou Shi Bu Dong Chan Quan No. 00059335, the land use rights of a parcel of land with a site area of approximately 128,112.00 sq.m. have been granted to the Target Company for terms of 70 years for residential use, 40 years for commercial use and 50 years for other use, commencing from 25 April 2023.
4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Di Nos. 4401052023000274351, 4401052024GG0137412, 4401052024GG0137419 and 4401052024GG0137468 in favour of the Target Company, portions of the property with a total above-ground gross floor area of approximately 33,918.80 sq.m. have been approved for construction.
5. Pursuant to 5 Construction Work Commencement Permits — Nos. 440105202311090101, 440105202312210201, 440105202403220401, 440105202403220501 and 440105202403220601 in favour of the Target Company, permissions by the relevant local authority were given to commence the construction of portions of the property with a total gross floor area of approximately 71,918.80 sq.m.
6. Pursuant to 4 Pre-sale Permits — Sui Fang Yu (Wang) Zi Di Nos. 20240080, 20240093, 20240094 and 20240095 in favour of the Target Company, the Target Company is entitled to sell portions of the property (representing a total gross floor area of approximately 32,182.24 sq.m.) to purchasers.
7. According to the information provided by the Company and the Target Company, the planned gross floor area (“GFA”) of the property is set out as below:

Group	Usage	Planned GFA (sq.m.)	Plot Ratio	No. of car parking
			Accountable GFA (sq.m.)	space
Group I — held under development by the Target Company	Residential	32,114.42		
	Ancillary	1,804.38		
	Basement	38,000.00		810
	<b>Sub-total:</b>	<b>71,918.80</b>	<b>32,281.18</b>	<b>810</b>
Group II — held for future development by the Target Company	Residential	40,670.18		
	Commercial	42,679.90		
	Office	297,312.00		
	Ancillary	6,870.79		
	Basement	76,524.68		1,621
<b>Sub-total:</b>	<b>464,057.55</b>	<b>387,180.82</b>	<b>1,621</b>	
<b>Total:</b>		<b>535,976.35</b>	<b>419,462.00</b>	<b>2,431</b>

8. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,222,100,000.
9. According to a Cooperative Development Agreement entered into between Guangzhou Metro Group Co., Ltd. (“Guangzhou Metro”), Guangzhou Yue Xiu Holdings Limited and Guangzhou Quanxiu Property Development Co., Ltd., Guangzhou Metro should undertake to effect the disposal of certain commercial and office properties with a total plot ratio accountable gross floor area of approximately 148,000 sq.m. and 596 underground parking spaces (“Undertaken Disposal Units”) of the property in Group II and ensure that the Target Company will receive proceeds of an amount equal to the agreed development costs, as determined with reference to reports prepared by cost consultancies and/or auditors. As at the date of the Cooperative Development Agreement, such developed costs were estimated to be approximately RMB5,088.79 million (“Proceeds”). As mentioned in the Cooperative Development Agreement, the amount for the land portion of the Undertaken Disposal Units among the Proceeds is about RMB2,797.11 million (“Proceeds For Land Portion”).

## APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

10. Our valuation has been made on the following basis and analysis:

- a. In arriving at the gross development value of the CIP of the property in Group I, we have analyzed relevant sales evidence of similar properties transacted in the past 3 months. Considering the time, location, size, usage and development quality of the property, we identified three comparables as below. The unit price of these comparable properties ranges from RMB110,000 to RMB124,000 per sq.m. for residential units and RMB490,000 to RMB510,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in several aspects including location, size, usage and development quality, etc. between the comparable properties and the property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made.

Details of the three comparable properties and adjustment are set out below:

Comparable (residential unit)	A	B	C
Project name	Pazhou Yue (琶洲·樾)	Pazhou South Phase One (琶洲南一期)	Fangyuan Meilin Binjiang No.1 (方圆美林·滨江壹號)
Location	Xingang East Road, Haizhu District	Susha West Road, Haizhu District	Yijing Road, Haizhu District
Usage	Residential	Residential	Residential
Year of completion	2026 (planned)	2026 (planned)	2025 (planned)
GFA (sq.m.)	140	140	132
Floor	Mid-zone	Mid-zone	Mid-zone
Unit price before adjustment (RMB/sq.m.)	123,000	124,000	110,000

### Adjustment Factors

Location and accessibility	Downward adjustment	No adjustment	Upward adjustment
Building age and development quality	No adjustment	No adjustment	No adjustment
Size	No adjustment	No adjustment	No adjustment
Floor	No adjustment	No adjustment	No adjustment
Total adjustment	-5.0%	0%	+5.0%
Adjusted unit price (RMB/sq.m.)	116,850	124,000	115,500

Comparable (car parking space)	A	B	C
Project name	Poly Grand Mansion (保利天悦)	Tian Lin Fu Zhen Lin (天麟府·臻林)	Zhujiang Dijing (珠江帝景)
Location	Xinma Road, Haizhu District	Jinxing First Street, Tianhe District	Yizhou Road, Haizhu District
Usage	CPS	CPS	CPS
Year of completion	2016	2022	2007
Floor	Basement	Basement	Basement
Unit price before adjustment (RMB/space)	490,000	510,000	510,000

## APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

### Adjustment Factors

Location and accessibility	No adjustment	Downward adjustment	No adjustment
Building age and development quality	No adjustment	No adjustment	Upward adjustment
Floor	No adjustment	No adjustment	No adjustment
Total adjustment	0%	-5.0%	+5.0%
Adjusted unit price (RMB/space)	490,000	484,500	535,500

Based on the above analysis of the comparable properties, the adjusted unit price is RMB118,783 per sq.m. for residential units and RMB503,000 per space for car parking spaces; and

- b. For the land parcel of the property in Group I and Group II (excluding the land portion of the Undertaken Disposal Units), we have made reference to sales prices of land sales evidence transacted in the past 2 years. Considering the time, location, size, usage and development density of the land parcel of property, we identified three comparables as below. The accommodation value of these comparable land sites ranges from RMB45,000 to RMB52,000 per sq.m. for residential use and RMB16,000 to RMB19,000 per sq.m. for commercial and office use. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location, size, usage and development density between the comparable properties and the property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made.

Details of the three comparable properties and adjustment are set out below:

Land comparable (residential use)	A	B	C
Land comparable	Lot. AT1003011, AT1003072	Lot. AT0507033	Lot. AH031525
Location	North of Yuejing Road, Tianhe District	North of Tangxing Street, Tianhe District	Guangzhou Avenue South, Haizhu District
Land usage	Residential	Residential	Residential
Transaction time	August 2023	December 2022	October 2022
Site area (sq.m.)	68,736	71,207	10,245
Plot ratio	2.2 & 1.9	2.93	3.0
Land use rights term	70 years	70 years	70 years
Accommodation value before adjustment (RMB/sq.m.)	51,665	47,292	45,461

## APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

### Adjustment Factors

Location and accessibility	Upward adjustment	Upward adjustment	Upward adjustment
Land usage, remaining land use rights term and conditions	Downward adjustment	Downward adjustment	Downward adjustment
Time	Downward adjustment	Downward adjustment	Downward adjustment
Size	No adjustment	No adjustment	Downward adjustment
Development density	Upward adjustment	Upward adjustment	Upward adjustment
Total adjustment	+6.1%	+11.0%	+7.0%
Adjusted accommodation value (RMB/sq.m.)	54,817	52,494	48,643

### Land comparable (commercial and office uses)

	A	B	C
Land comparable	Lot. AH040122	Lot. AH041108	Lot. AH041014, AH041021, AH041030, AH041035
Location	Fangyuan Road, Haizhu District	North of Xingang East Road, Haizhu District	South of Xingang East Road, Haizhu District
Land usage	Commercial and office	Commercial and office	Commercial and office
Transaction time	October 2023	June 2023	December 2022
Site area (sq.m.)	5,254	11,637	26,017
Plot ratio	10.4	5.6	4
Land use rights term	40 years	40 years	40 years
Accommodation value before adjustment (RMB/sq.m.)	17,479	16,480	19,055

### Adjustment Factors

Location and accessibility	Downward adjustment	Upward adjustment	Upward adjustment
Land usage, remaining land use rights term and conditions	Upward adjustment	Upward adjustment	Downward adjustment
Time	Downward adjustment	Downward adjustment	Downward adjustment
Size	Downward adjustment	Downward adjustment	No adjustment
Development density	No adjustment	Downward adjustment	Downward adjustment
Total adjustment	+5.7%	+15.3%	-7.3%
Adjusted accommodation value (RMB/sq.m.)	18,475	19,001	17,664

Based on the above analysis of the comparable land sites, the adjusted accommodation value is RMB51,985 per sq.m. for residential use and RMB18,380 per sq.m. for commercial use.



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## APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT

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- c. In the valuation of the land portion of the Undertaken Disposal Units, we have taken into account the amount of the Proceeds For Land Portion.

The valuation of the land parcel of the property is computed as below:

Land portion	Plot ratio accountable GFA <i>(sq.m.)</i>	Adopted accommodation value <i>(RMB/sq.m.)</i>	Land value <i>(RMB)</i>
<b>Group I</b>			
Land portion	32,281.18	51,985	1,678,137,142
<b>Sub-total (value rounded to the nearest hundred thousand)</b>	<b>32,281.18</b>		<b>1,678,100,000</b>
<b>Group II</b>			
Residential land portion	48,518.82	51,985	2,522,250,858
Commercial land portion (excluding land portion of the Undertaken Disposal Units)	190,607.00	18,380	3,503,356,660
Land portion of the Undertaken Disposal Units	148,055.00	N/A	2,797,110,000
<b>Sub-total (value rounded to the nearest hundred thousand)</b>	<b>387,180.82</b>		<b>8,822,700,000</b>
<b>Total (value rounded to the nearest hundred thousand)</b>	<b>419,462.00</b>		<b>10,500,800,000</b>

Based on the construction cost and relevant expenses incurred as at the valuation date with the amount of RMB113,800,000 and the analysis of the land value, we have arrived at the market value of the property at RMB10,614,600,000.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- a. The Target Company is legally and validly in possession of the land use rights of the property and is the sole legal user of the land use rights of the property. The Target Company has the rights to legally occupy, use, earn income from and dispose of the land parcel of the property; and
  - b. The Target Company has legally obtained the Construction Work Planning Permits and the Construction Work Commencement Permit in respect of the CIP of the property.

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**APPENDIX IB VALUATION REPORT ON THE PAZHOU SOUTH PHASE TWO PROJECT**

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12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table	No
h.	Building Ownership Certificate/Real Estate Title Certificate (for building)	No

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2024 (RMB)</b>
Group I — held under development by the Target Company in the PRC	1,791,900,000
Group II — held for future development by the Target Company in the PRC	<u>8,822,700,000</u>
<b>Total:</b>	<b><u><u>10,614,600,000</u></u></b>

**1 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.

**2 DISCLOSURE OF INTERESTS OF DIRECTORS/CHIEF EXECUTIVE OF THE COMPANY**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code:

*Long positions in the shares and underlying shares*

<b>Name of Director</b>	<b>Capacity in which interests are held</b>	<b>Number of Shares</b>	<b>% of the total number of issued Shares as at the Latest Practicable Date</b>
Lin Zhaoyuan ( <i>Note</i> )	Beneficial owner/Beneficiary of a trust	1,515,560	0.03765
Zhu Huisong	Beneficial owner	64,757	0.00161
Liu Yan	Beneficial owner	3,400	0.00008
Yu Lup Fat Joseph	Beneficial owner	260,000	0.00646
Lee Ka Lun	Beneficial owner	858,000	0.02131
Lau Hon Chuen Ambrose	Beneficial owner	1,258,712	0.03127

*Note:* Mr. Lin Zhaoyuan is interested in 1,515,560 Shares, out of which 1,083,095 Shares are owned by him as beneficial owner, 432,465 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

*Long positions in the shares and underlying shares of associated corporations*

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of Shares in associated corporation	% of the total number of issued Shares in associated corporation as at the Latest Practicable Date
Lin Zhaoyuan	Yuexiu Transport Infrastructure Limited	Beneficial owner	120	0.00001
Liu Yan	Yuexiu Transport Infrastructure Limited	Beneficial owner	485	0.00003
Lau Hon Chuen Ambrose	Yuexiu Transport Infrastructure Limited	Beneficial owner	195,720	0.012

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its other associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, (i) Mr. Lin Zhaoyuan is a director, vice chairman and general manager of GZYG and YXE; (ii) Mr. He Yuping is the chief compliance officer of GZYG and YXE; (iii) Ms. Chen Jing is the chief financial officer of GZYG and YXE, and a director of Bosworth International Limited (“**Bosworth**”); (iv) Ms. Liu Yan is the chief operating officer and chief human resources officer of GZYG and YXE; and (v) Mr. Zhang Yibing is a deputy general manager of Guangzhou Metro. GZYG, YXE, Bosworth and Guangzhou Metro are entities which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3 DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or to be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

#### 4 DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

##### Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

##### Interests in contracts

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and which was significant in relation to the business of the Group.

#### 5 DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

#### 6 MATERIAL ADVERSE CHANGE

The Directors confirm there had not been any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up to, up to and including the Latest Practicable Date.

#### 7 EXPERTS' QUALIFICATIONS AND CONSENTS

The following are qualifications of the expert who has given its opinion or advice which is included in this circular:

<b>Name</b>	<b>Qualification</b>
Yu Ming Investment Management Limited	a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent valuer

As at the Latest Practicable Date, none of Yu Ming Investment Management Limited or Jones Lang LaSalle Corporate Appraisal and Advisory Limited had any shareholding, directly or indirectly in any member of the Group, nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did any of them have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired to disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

Each of Yu Ming Investment Management Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and/or reports and/or references to its name in the form and context in which they respectively appear.

## **8 DOCUMENTS ON DISPLAY**

The following documents are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.yuexiuproperty.com>) for a period of 14 days from the date of this circular:

- (a) the Transaction Documents;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 40 of this circular;
- (c) the valuation report from the Independent Valuer in respect of the valuation on the Target Holding Company as set out in Appendix IA of this circular; and
- (d) the valuation report from the Independent Valuer in respect of the valuation on the Pazhou South Phase Two Project as set out in Appendix IB of this circular.

## **9 MISCELLANEOUS**

- (a) The share registrar of the Company is Tricor Abacus Limited, which is located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The authorized representatives of the Company are Ms. Chen Jing, executive Director and Mr. Yu Tat Fung, company secretary.
- (c) The auditor of the Company is Ernst & Young, which is located at 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.
- (d) The English texts of this circular shall prevail over the Chinese texts.

\* *For identification purpose only*

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## NOTICE OF GENERAL MEETING

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# 越秀地產股份有限公司 YUEXIU PROPERTY COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting (the “**Meeting**”) of Yuexiu Property Company Limited (the “**Company**”) will be held at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 26 June 2024 at 10:30 a.m. (or if later, on the same day and at the same place immediately after the AGM (as defined in the circular referred to herein)) for the purpose of considering, if thought fit, passing, with or without modification, the following resolution. Words and expressions that are not expressly defined in this notice of general meeting shall bear the same meaning as that defined in the shareholder circular dated 7 June 2024 (the “**Circular**”).

### ORDINARY RESOLUTION

#### 1 THE ACQUISITION

“**THAT:**

- (a) each of the Transaction Documents and the consummation of transactions contemplated thereunder (namely, the Acquisition) as more particularly described in the Circular and on the terms and conditions set out in the Transaction Documents be hereby approved, ratified and confirmed; and
- (b) any one Director be and is hereby authorized, for and on behalf of the Company, to complete and do all such acts or things (including signing and executing all such documents, instruments and agreements as may be required, including under seal where applicable) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the Transaction Documents and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

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

Hong Kong, 7 June 2024

*Registered Office:*  
26th Floor, Yue Xiu Building  
160 Lockhart Road  
Wanchai  
Hong Kong

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## NOTICE OF GENERAL MEETING

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*Notes:*

- (1) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorized to sign the same.
- (3) In order to be valid, the completed proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof (as the case may be).
- (4) 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.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the registered of members of the Company in respect of the share(s) shall be accepted to the exclusion of the votes of the other joint registered holders.
- (6) The register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024, 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 of the Company to be held on Wednesday, 26 June 2024 at 10:30 a.m. (or if later, on the same day and at the same place immediately after the AGM (as defined in the circular referred to herein)), all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 20 June 2024.