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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)

MAJOR TRANSACTION LAND RESUMPTION IN RELATION TO THE GUANGLONG LAND PARCELS

RESUMPTION OF THE GUANGLONG LAND PARCELS

On 30 August 2024, the Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局) published the Land Resumption Notice announcing the resumption of the Guanglong Land Parcels (which are currently owned by Yuexiu Huacheng) from Yuexiu Huacheng by Guangzhou LDC, and that the Land Resumption Agreement entered into among Guangzhou LDC, Yuexiu Huacheng and GCCD became effective as of the date of the Land Resumption Notice (i.e., 30 August 2024). Pursuant to the Land Resumption Agreement, Yuexiu Huacheng has agreed to surrender the Guanglong Land Parcels to Guangzhou LDC, at a consideration in the amount of RMB7,000,000,000 (subject to the Final Adjudication) by way of compensation in the form of notes receivable in equivalent amount to be provided by Guangzhou LDC to Yuexiu Huacheng or GCCD.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Land Resumption (based on the amount of the Compensation before the Final Adjudication) exceeds 25% but is less than 75%, the Land Resumption constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Land Resumption is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. It is expected that the Final Adjudication will not result in any adjustment of the Compensation by more than 10% to the amount of the pre-adjudicated Compensation. Therefore, it is expected that such Final Adjudication will not result in the Land Resumption becoming a very substantial disposal by the Company under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Land Resumption. As such, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Land Resumption.

At the date of this announcement, the members of the YX Closely Allied Group constitute a closely allied group of shareholders who together hold 2,547,777,388 Shares (representing approximately 63.29% of the issued share capital of the Company). The Company has obtained the written approval of the YX Closely Allied Group on the Land Resumption pursuant to Rule 14.44 of the Listing Rules. As a result, no general meeting will be convened to consider the Land Resumption.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Land Resumption is required to be despatched to the Shareholders within fifteen (15) business days after the publication of this announcement, that is, on or before 23 September 2024. However, as additional time is required for the Company to prepare and finalise certain information including the financial information and other information of the Group for inclusion in the circular, the Company intends to apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules in respect of the delay in the despatch of the circular, and will make a further announcement of the expected despatch date of the circular in due course.

Pursuant to Rules 5.02 and 14.66(11) of the Listing Rules, it is required that a valuation of and information on the Guanglong Land Parcels be included in the circular, as the Land Resumption constitutes a disposal of property interests where any of its applicable percentage ratio is or is above 25%. The Company intends to apply to the Stock Exchange for a waiver from strict compliance with Rules 5.02 and 14.66(11) of the Listing Rules due to the fact that, among other things, (i) the Compensation was determined in accordance with the basis as stipulated under Article 32 of the Implementation Opinion (being the cost of investment made by the Group and the interests accrued as adjusted by the Final Adjudication in accordance with the Land Resumption Agreement), and (ii) property valuation is neither relevant nor applicable during the process of determining the Compensation in accordance with Article 32 of the Implementation Opinion, and the publication of the valuation report of the Guanglong Land Parcels would mislead the market as to the difference between the Compensation and the market value of the Guanglong Land Parcels. Therefore, a property valuation is not applicable or practicable and the preparation thereof would be unduly burdensome to the Company.

Shareholders and potential investors of the Company should be aware that the Land Resumption is subject to certain condition(s) being satisfied, and therefore the Land Resumption 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.

RESUMPTION OF THE GUANGLONG LAND PARCELS

On 30 August 2024, the Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局) published the Land Resumption Notice announcing the resumption of the Guanglong Land Parcels (which are currently owned by Yuexiu Huacheng) from Yuexiu Huacheng by Guangzhou LDC, and that the Land Resumption Agreement entered into among Guangzhou LDC, Yuexiu Huacheng and GCCD became effective as of the date of the Land Resumption Notice (i.e., 30 August 2024). Pursuant to the Land Resumption Agreement, Yuexiu Huacheng has agreed to surrender the Guanglong Land Parcels to Guangzhou LDC, at a consideration in the amount of RMB7,000,000,000 (subject to the Final Adjudication) by way of compensation in the form of notes receivable in equivalent amount to be provided by Guangzhou LDC to Yuexiu Huacheng or GCCD.

LAND RESUMPTION AGREEMENT

The principal terms of the Land Resumption Agreement are summarised as follows:

Effective Date

30 August 2024 (which is the date of the Land Resumption Notice)

Parties

- (1) Yuexiu Huacheng (a non-wholly owned subsidiary of the Company);
- (2) GCCD (a non-wholly owned subsidiary of the Company); and
- (3) Guangzhou LDC.

Compensation and payment terms

The compensation for the Guanglong Land Parcels (the “**Compensation**”) is RMB7,000,000,000 (subject to the Final Adjudication). As the Land Resumption was implemented for public interest reasons, the Compensation was determined by Guangzhou LDC pursuant to Article 32 of the Implementation Opinion with reference to (1) the original purchase price of the Guanglong Land Parcels paid by the Group and (2) the amount of investment made by the Group and the interests accrued. The final amount of the Compensation is subject to adjustments under the Final Adjudication to be undertaken in accordance with the Land Resumption Agreement. It is expected that the Final Adjudication will not result in any adjustment of the Compensation by more than 10% to the amount of the pre-adjudicated Compensation. As the Compensation was determined by Guangzhou LDC in accordance with the basis as stipulated under Article 32 of the Implementation Opinion, no property valuation has been conducted as it is not applicable or practicable.

The Compensation will be payable and settled in the form of notes receivable by Guangzhou LDC to Yuexiu Huacheng. Yuexiu Huacheng is deemed to have received the Compensation from Guangzhou LDC when GCCD or any of its subsidiaries has received such notes receivable in the total amount of RMB7,000,000,000 (subject to the Final Adjudication). GCCD or its subsidiaries is entitled to use the notes receivable to acquire newly granted

land at the municipal level in Guangzhou by the Guangzhou government. The value of the notes receivable can be used to settle the consideration payable for acquiring such newly granted land.

Guangzhou LDC shall pay the Compensation to Yuexiu Huacheng by granting the notes receivable to Yuexiu Huacheng or GCCD according to the payment schedule as follows:

- (a) before the Final Adjudication, Guangzhou LDC shall deliver the notes receivable to Yuexiu Huacheng or GCCD with value of not more than 90% of RMB7,000,000,000 (i.e., RMB6,300,000,000); and
- (b) after the Final Adjudication, Guangzhou LDC shall deliver the notes receivable to Yuexiu Huacheng or GCCD with value of the remainder of the Compensation (after adjustment under the Final Adjudication).

The notes receivable will be delivered by Guangzhou LDC in tranches upon the application by Yuexiu Huacheng or GCCD within two years after the execution of the Land Transfer Confirmation. Each tranche of the notes receivable has a validity period of one year, during which GCCD or its subsidiaries is entitled to acquire such newly granted land with the relevant tranche of the notes receivable. The validity period of each tranche may be extended subject to negotiation among the parties.

Condition

The completion of the Land Resumption and the execution of the Land Transfer Confirmation shall be conditional upon the completion of clearance of personnel, settlement of employees, relocation of equipment, demolition of buildings, structures, and attachments, land remediation (except for those that cannot be demolished according to national, provincial, and municipal regulations on urban and rural historical and cultural heritage), and enclosures according to the standards determined by the applicable administrative authority.

If the above condition precedent is not fulfilled, Guangzhou LDC may refuse to proceed to the completion of the Land Resumption or execute the Land Transfer Confirmation. As at the date of this announcement, such condition precedent as referred to above has not been fulfilled.

Delivery of the Guanglong Land Parcels

Within 180 days after the effective date of the Land Resumption Agreement and subject to the above condition precedent having been fulfilled, Yuexiu Huacheng, GCCD and Guangzhou LDC shall execute the Land Transfer Confirmation and Yuexiu Huacheng shall deliver the Guanglong Land Parcels to Guangzhou LDC.

After the delivery of the Guanglong Land Parcels, to the extent any further remedial work for the soil pollution on the Guanglong Land Parcels is required by the applicable authorities within the remedial period to be set out in the Land Transfer Confirmation, Yuexiu Huacheng and GCCD shall continue to be responsible for such remedial work (if any) until the completion of such remedial work.

Information of the Guanglong Land Parcels

The Guanglong Land Parcels comprise three parcels of land numbered AB0805110, AB0805117 and AB0810104 with an aggregate site area of approximately 123,879 sq. m. situated near the Zhongluotan metro station* (鐘落潭地鐵站), at the western side of Guanglong Road* (廣龍路) and the northern side of Guangcong Highway* (廣從公路), Baiyun District, Guangzhou, the PRC. As at the date of this announcement, the Guanglong Land Parcels remain undeveloped.

Net profit/loss before/after tax

Since the Guanglong Land Parcels are land parcels which remain undeveloped as at the date of this announcement, net profit/loss is not applicable to the Guanglong Land Parcels for the years ended 31 December 2022 and 2023.

REASONS FOR AND BENEFITS OF THE LAND RESUMPTION

As part of the local government's efforts to enhance the industrial development prospects and the public services in Zhongluotan Town* (鐘落潭鎮), Baiyun District, Guangzhou, the PRC, the Guanglong Land Parcels were resumed for public interest reasons. Guangzhou LDC has made urban planning adjustment and intends to change the use of the Guanglong Land Parcels from residential purposes to public administration and public service facilities uses. As part of the change of use, Guangzhou LDC intends to resume the Guanglong Land Parcels and compensate Yuexiu Huacheng by entering into the Land Resumption Agreement, pursuant to Article 32 of the Implementation Opinion.

The Guanglong Land Parcels were acquired by Yuexiu Huacheng in April 2021. At the time of acquisition, it was originally planned that the Guanglong Land Parcels would be used for developing residential properties. As at the date of this announcement, the Guanglong Land Parcels remain undeveloped. Accordingly, the Board is of the view that the resumption of the Guanglong Land Parcels will not have any material adverse effect on the Group's operation management. In addition, the Compensation is considered fair and reasonable with reference to the cost of investment made by the Group in the Guanglong Land Parcels and the interests accrued thereon.

The Directors believe that the Land Resumption would enable the Group to optimise the usage of its resources, benefiting the future development of the Group in the longer run. Following the completion of the Land Resumption, the Group intends to participate in the sale or grant of land in Guangzhou by the Guangzhou government in the future to the extent that the participation in such sale or grant is in the best interest of the Company and the Shareholders as a whole. If the Group identifies any opportunity which is commercially viable and attractive, the Group can acquire the land with the consideration to be settled with the notes receivable under the Land Resumption Agreement.

Therefore, the Company is willing to cooperate with Guangzhou LDC on the resumption of the Guanglong Land Parcels. The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS ON THE GROUP

Since the amount of the Compensation is determined with reference to the cost of investment made by the Group and the interests accrued, the Company does not expect to record any material gain or loss from the Land Resumption. The actual amount of the gain from the Land Resumption which may be recorded by the Group is subject to audit and the Final Adjudication in accordance with the Land Resumption Agreement, and will take into account any other costs and expenses incurred relating to the Land Resumption, and accordingly, it may be different from the above but such difference is not expected to be material.

PROPOSED USE OF PROCEEDS

The Company currently intends that, subject to actual circumstances and decision of the Board when concrete details of proposed uses are put forward for consideration, all the proceeds from the Land Resumption will be used for the Group's future acquisition of land parcels in Guangzhou.

INFORMATION OF THE GROUP

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 and Western China and Northern China.

Yuexiu Huacheng is a property development company which is a non-wholly owned subsidiary of GCCD.

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

INFORMATION OF THE GUANGZHOU LDC

The Guangzhou LDC, an institution under the Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局), is responsible for, among other things, providing services for state-owned land transfer, bidding, auction, and pre-development of land in Guangzhou City.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, at the date of this announcement, the Guangzhou LDC is a PRC government authority, and the Guangzhou LDC and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Land Resumption (based on the amount of the Compensation before the Final Adjudication) exceeds 25% but is less than 75%, the Land Resumption constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Land Resumption is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the

Listing Rules. It is expected that the Final Adjudication will not result in any adjustment of the Compensation by more than 10% to the amount of the pre-adjudicated Compensation. Therefore, it is expected that such Final Adjudication will not result in the Land Resumption becoming a very substantial disposal by the Company under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Land Resumption. As such, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Land Resumption.

At the date of this announcement, the members of the YX Closely Allied Group constitute a closely allied group of shareholders who together hold 2,547,777,388 Shares (representing approximately 63.29% of the issued share capital of the Company). The Company has obtained the written approval of the YX Closely Allied Group on the Land Resumption pursuant to Rule 14.44 of the Listing Rules. As a result, no general meeting will be convened to consider the Land Resumption. The YX Closely Allied Group comprises the following Shareholders:

Name of the Shareholders	Number of Shares held by each such Shareholder	Percentage of shareholding in the issued share capital of the Company
Bosworth International Limited ^(Note 1)	1,238,030,690	30.76%
Novena Pacific Limited ^(Note 1)	254,297,135	6.32%
Superb Master Ltd. ^(Note 1)	104,517,301	2.60%
Morrison Pacific Limited ^(Note 1)	71,049,347	1.77%
Greenwood Pacific Limited ^(Note 1)	61,019,210	1.52%
Goldstock International Limited ^(Note 1)	15,838,713	0.39%
Yue Xiu Finance Company Limited ^(Note 1)	1,971,802	0.05%
Guangzhou Metro Investment Finance (HK) Limited ^(Note 2)	801,053,190	19.90%

Notes:

- At the date of this announcement, Bosworth International Limited, Novena Pacific Limited, Superb Master Ltd., Morrison Pacific Limited, Greenwood Pacific Limited, Goldstock International Limited and Yue Xiu Finance Company Limited are wholly owned by GZYX, which is majority owned by the Guangzhou Municipal People's Government of the PRC. GZYX and Guangzhou Metro are parties acting in concert in respect of the Shares under the Takeovers Codes.
- At the date of this announcement, Guangzhou Metro Investment Finance (HK) Limited is wholly owned by Guangzhou Metro, which is wholly owned by the Guangzhou Municipal People's Government of the PRC. GZYX and Guangzhou Metro are parties acting in concert in respect of the Shares under the Takeovers Codes.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Land Resumption is required to be despatched to the Shareholders within fifteen (15) business days after the publication of this announcement, that is, on or before 23 September 2024. However, as additional time is required for the Company to prepare and finalise certain information including the financial information and other information of the Group for inclusion in the circular, the Company intends to apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules in respect of the delay in the despatch of the circular, and will make a further announcement of the expected despatch date of the circular in due course.

Pursuant to Rules 5.02 and 14.66(11) of the Listing Rules, it is required that a valuation of and information on the Guanglong Land Parcels be included in the circular, as the Land Resumption constitutes a disposal of property interests where any of its applicable percentage ratio is or is above 25%. The Company intends to apply to the Stock Exchange for a waiver from strict compliance with Rules 5.02 and 14.66(11) of the Listing Rules due to the fact that, among other things, (i) the Compensation was determined in accordance with the basis as stipulated under Article 32 of the Implementation Opinion (being the cost of investment made by the Group and the interests accrued as adjusted by the Final Adjudication in accordance with the Land Resumption Agreement), and (ii) property valuation is neither relevant nor applicable during the process of determining the Compensation in accordance with Article 32 of the Implementation Opinion, and the publication of the valuation report of the Guanglong Land Parcels would mislead the market as to the difference between the Compensation and the market value of the Guanglong Land Parcels. Therefore, a property valuation is not applicable or practicable and the preparation thereof would be unduly burdensome to the Company. Further details of the waiver application and (if granted) the waiver will be set out in the circular to be despatched to the Shareholders in due course.

Shareholders and potential investors of the Company should be aware that the Land Resumption is subject to certain condition(s) being satisfied, and therefore the Land Resumption may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“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)

“Compensation”	has the meaning as defined under the section headed “LAND RESUMPTION AGREEMENT — Compensation and payment terms” of this announcement, which is subject to the Final Adjudication and is expected to be equivalent to the book value of the Guanglong Land Parcels, being the cost of investment by the Group and the interest accrued thereon
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Final Adjudication”	the adjudication of the final amount of the Compensation in accordance with the Land Resumption Agreement, which will be undertaken by Guangzhou LDC with reference to the basis as stipulated under Article 32 of the Implementation Opinion, being (1) the original purchase price of the Guanglong Land Parcels paid by the Group and (2) the amount of investment made by the Group and the interests accrued
“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
“Group”	the Company and its subsidiaries
“Guanglong Land Parcels”	three land parcels numbered AB0805110, AB0805117 and AB0810104 with an aggregate site area of approximately 123,879 sq. m. situated near the Zhongluotan metro station* (鐘落潭地鐵站), at the western side of Guanglong Road* (廣龍路) and the northern side of Guangcong Highway* (廣從公路), Baiyun District, Guangzhou, the PRC, which are currently owned by Yuexiu Huacheng
“Guangzhou LDC”	Guangzhou City Land Development Centre* (廣州市土地開發中心), being an institution under the Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局)
“Guangzhou Metro”	Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司), a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Opinion”	the Implementation Opinion on Strengthening the Land Supply and the Supervision over Supplied Land by the Office of People’s Government of Guangzhou* (廣州市人民政府辦公廳關於加強土地供應及供後監管的實施意見) (Suifu Bangui [2023] No. 4) promulgated by the Office of People’s Government of Guangzhou on 31 March 2023
“Independent Third Party(ies)”	a party who is not a connected person (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“Land Resumption”	the resumption of the Guanglong Land Parcels under the Land Resumption Agreement
“Land Resumption Agreement”	the resumption and compensation agreement regarding state-owned land use rights* (收回國有土地使用權補償協議) in relation to the Guanglong Land Parcels entered into among Yuexiu Huacheng, GCCD and Guangzhou LDC with effect from 30 August 2024
“Land Resumption Notice”	the notice published by Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局) in relation to the Land Resumption and the Land Resumption Agreement dated 30 August 2024
“Land Transfer Confirmation”	the confirmation to be signed by Yuexiu Huacheng, GCCD and Guangzhou LDC pursuant to the Land Resumption Agreement to confirm the transfer of land ownership of the Guanglong Land Parcels
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Buy-backs
“Yuexiu Huacheng”	Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd.* (廣州越秀華城房地產開發有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“YX Closely Allied Group”	a closely allied group of Shareholders comprising Bosworth International Limited, Novena Pacific Limited, Superb Master Ltd., Morrison Pacific Limited, Greenwood Pacific Limited, Goldstock International Limited, Yue Xiu Finance Company Limited and Guangzhou Metro Investment Finance (HK) Limited, which together hold 2,547,777,388 Shares (representing approximately 63.29% of the issued share capital of the Company), as at the date of this announcement
“%”	per cent.

* for identification purpose only

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

Hong Kong, 30 August 2024

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

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

Non-Executive Director: ZHANG Yibing

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