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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)**

## **CONNECTED TRANSACTIONS**

### **(1) EARLY TERMINATION OF THE GUANGZHOU PAPER PROPERTY LEASE AGREEMENT AND (2) THE 2026 NEW LEASE AGREEMENT**

Reference is made to the announcement of the Company dated 9 December 2019 in respect of the Guangzhou Paper Property Lease Agreement entered into between Guangzhou Haiyiyuan (an indirect non-wholly owned subsidiary of the Company, as lessee) and Guangzhou Paper (as lessor) in relation to the leasing of the Guangzhou Paper Lease Properties for the provision of elderly-care services for a term of 12 years commencing from 9 December 2019.

#### **EARLY TERMINATION OF THE GUANGZHOU PAPER PROPERTY LEASE AGREEMENT**

The Board is pleased to announce that, in view of the entering into of the 2026 New Lease Agreement, on 30 January 2026 (after trading hours), Guangzhou Haiyiyuan (as lessee) and Guangzhou Paper (as lessor) have entered into the Termination Agreement for the early termination of the Guangzhou Paper Property Lease Agreement with effect from 29 January 2026.

#### **THE 2026 NEW LEASE AGREEMENT**

The Board is pleased to further announce that in order to secure a longer-term lease for the Guangzhou Paper Lease Properties on more favourable terms, on 30 January 2026 (after trading hours), Guangzhou Haiyiyuan (as lessee) entered into the 2026 New Lease Agreement with Guangzhou Paper (as lessor) in relation to the leasing of the Guangzhou Paper Lease Properties under new terms and conditions for a period of 20 years, commencing from 30 January 2026.

## **LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16, the Group is required to recognise the lease relating to the Guangzhou Paper Lease Properties as right-of-use-assets, and, as a result, (i) the Termination Agreement; (ii) the 2026 New Lease Agreement and the transactions contemplated thereunder will be regarded as disposal and acquisition of right-of-use assets by the Group pursuant to the Listing Rules, respectively.

Guangzhou Paper is a subsidiary of GZYS, which is the ultimate controlling shareholder of the Company, therefore Guangzhou Paper is a connected person of the Company under the Listing Rules. As such, under Chapter 14A of the Listing Rules, the transactions contemplated under (i) the Termination Agreement; and (ii) the 2026 New Lease Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio in respect of the higher of (i) the decrease in value of the right-of-use assets under the Termination Agreement; and (ii) the increase in value of the right-of-use assets under the 2026 New Lease Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Termination Agreement and the 2026 New Lease Agreement are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the 2026 New Lease Agreement exceeds three years, the Company has appointed the Independent Financial Adviser to explain the reason for a longer tenure and to confirm that it is normal business practice for agreement(s) of this type to be of such duration.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 9 December 2019 in respect of the Guangzhou Paper Property Lease Agreement entered into between Guangzhou Haiyiyuan (an indirect non-wholly owned subsidiary of the Company, as lessee) and Guangzhou Paper (as lessor), in relation to the leasing of the Guangzhou Paper Lease Properties for the provision of elderly-care services for a term of 12 years commencing from 9 December 2019.

## **EARLY TERMINATION OF THE GUANGZHOU PAPER PROPERTY LEASE AGREEMENT**

The Board is pleased to announce that, in view of the entering into of the 2026 New Lease Agreement, on 30 January 2026 (after trading hours), Guangzhou Haiyiyuan (as lessee) and Guangzhou Paper (as lessor) have entered into the Termination Agreement for the early termination of the Guangzhou Paper Property Lease Agreement with effect from 29 January 2026.

## The Termination Agreement

The principal terms of the Termination Agreement are summarised as follows:

Date:	30 January 2026
Parties:	(i) Guangzhou Haiyiyuan (as lessee); and (ii) Guangzhou Paper (as lessor)
Premises:	The land, building(s), and structure(s) situated at (i) No. 1, 3, 5, 9, 11, 13 and 15 Guangzhi East Fifth Street; (ii) No. 3 (self-numbered) Guangzhi East Fifth Street; and (iii) No. 106 Guangzhi North First Road (the “ <b>Guangzhou Paper Lease Properties</b> ”).
Effective date of termination:	29 January 2026
Refund for early termination:	<p>On the date of termination, the Guangzhou Paper Property Lease Agreement shall expire and terminate, and any unfulfilled obligations thereunder shall be discharged. No refund shall be made by either party under the Termination Agreement. No fee or penalty is payable by either party for the early termination of the Guangzhou Paper Property Lease Agreement.</p> <p>Given the 2026 New Lease Agreement has been entered into on the same date, the Guangzhou Paper Lease Properties need not be actually returned to the lessor.</p> <p>All security deposit initially paid by Guangzhou Haiyiyuan under the Guangzhou Paper Property Lease Agreement shall be transferred in full as part of the security deposit payable by Guangzhou Haiyiyuan under the 2026 New Lease Agreement. Further details have been set out in the paragraph headed “The 2026 New Lease Agreement — Security deposit” below in this announcement.</p>

The value of the right-of-use assets for the Guangzhou Paper Lease Properties amounted to approximately RMB25,563,508.3 as at 31 December 2025 (based on the terms of the rents payable under the Guangzhou Paper Property Lease Agreement). Pursuant to HKFRS 16, following the entering into of the Termination Agreement, the remaining value of the right-of-use assets for the Guangzhou Paper Lease Properties will be derecognised in its entirety by the Group.

## THE 2026 NEW LEASE AGREEMENT

The Board is pleased to further announce that in order to secure a longer-term lease for the Guangzhou Paper Lease Properties on more favourable terms, on 30 January 2026 (after trading hours), Guangzhou Haiyiyuan (as lessee) entered into the 2026 New Lease Agreement with Guangzhou Paper (as lessor) in relation to the leasing of the Guangzhou Paper Lease Properties under new terms and conditions for a period of 20 years, commencing from 30 January 2026.

The principal terms of the 2026 New Lease Agreement are as follows:

Date:	30 January 2026
Parties:	(i) Guangzhou Haiyiyuan (as lessee); and (ii) Guangzhou Paper (as lessor)
Premises:	The Guangzhou Paper Lease Properties, with a total rental area of approximately 20,711.84 sq. m.
Term:	20 years commencing from 30 January 2026
Usage:	Provision of elderly-care services
Rent and aggregate value of consideration payable:	<p>The monthly rent payable (inclusive of tax) under the 2026 New Lease Agreement are as follows:</p> <p>(i) 30 January 2026 to 29 January 2029: RMB458,618</p> <p>(ii) 30 January 2029 to 29 January 2032: RMB481,549</p> <p>(iii) 30 January 2032 to 29 January 2035: RMB505,626</p> <p>(iv) 30 January 2035 to 29 January 2038: RMB530,907</p> <p>(v) 30 January 2038 to 29 January 2041: RMB557,452</p> <p>(vi) 30 January 2041 to 29 January 2044: RMB585,325</p> <p>(vii) 30 January 2044 to 29 January 2046: RMB614,591</p>

The monthly rent is exclusive of any government tax payable by Guangzhou Haiyiyuan arising from its operation of businesses and other fees payable by Guangzhou Haiyiyuan.

Management service fees, utilities and other expenses shall be separately agreed with a management service provider to be designated by Guangzhou Haiyiyuan and Guangzhou Paper.

The rent payable under the 2026 New Lease Agreement has been determined after arm's length negotiations between Guangzhou Paper and Guangzhou Haiiyuan, after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Guangzhou Paper Lease Properties.

In accordance with HKFRS 16, the rental payments under the 2026 New Lease Agreement are capital in nature and therefore, the Guangzhou Paper Lease Properties will be recognised as right-of-use assets of the Group for an amount of RMB79,494,146.71 following the entering into of the 2026 New Lease Agreement. The rental payments under the 2026 New Lease Agreement are expected to be satisfied by internal resources of the Group in its ordinary and usual course of business.

**Delivery:** Guangzhou Haiiyuan is already in physical possession of the Guangzhou Paper Lease Properties under the Guangzhou Paper Property Lease Agreement.

**Security deposit:** RMB1,843,782 shall be payable as refundable security deposit by Guangzhou Haiiyuan to Guangzhou Paper, among which the security deposit initially paid under the terminated Guangzhou Paper Property Lease Agreement of RMB1,228,440 shall be transferred as part of the security deposit to be paid under the 2026 New Lease Agreement upon completion of the relevant procedures, and the remainder of RMB615,342 shall remain payable by Guangzhou Haiiyuan within 10 days after the date of signing of the 2026 New Lease Agreement.

Upon expiry of the 2026 New Lease Agreement, the security deposit (without interest) shall be repaid to Guangzhou Haiiyuan in full within 10 days upon the return of the Guangzhou Paper Lease Properties to Guangzhou Paper, full settlement of rents and fees, and fulfilment of obligations stipulated under the 2026 New Lease Agreement, by Guangzhou Haiiyuan.

**Payment term:** The monthly rent for the Guangzhou Paper Lease Properties shall be paid by Guangzhou Haiiyuan to Guangzhou Paper on or before the 30th day of each calendar month.

**Termination:** If either party requires early termination of the 2026 New Lease Agreement, the parties shall negotiate separately and enter into supplemental agreement(s) as required.

If either party unilaterally terminates the 2026 New Lease Agreement for any reason other than expiry of lease, a transitional period of not more than one year shall be allowed for Guangzhou Haiyiyuan to re-locate and settle the elderly residents and patients residing and living in the Guangzhou Paper Lease Properties, during which both parties shall remain subject to the terms of the lease.

Renewal: Subject to compliance with the applicable Listing Rules, Guangzhou Haiyiyuan shall have the following rights:

- (i) a pre-emptive right to renew the lease upon its expiry on the same terms and conditions; and
- (ii) the monthly rent for the first year of the renewed lease term shall be determined based on the prevailing market level at the time of renewal.

Such pre-emptive right shall be exercised by Guangzhou Haiyiyuan by giving notice in writing to Guangzhou Paper at least six months prior to the expiry of the lease term under the 2026 New Lease Agreement, failing which Guangzhou Haiyiyuan shall be deemed to have waived such right.

## **REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT AND THE 2026 NEW LEASE AGREEMENT**

As previously disclosed in the announcement of the Company dated 9 December 2019, the Guangzhou Paper Lease Properties are situated at Guangzhi East Fifth Street and Guangzhi North First Road, Haizhu District, Guangzhou City, which is a bustling location with many shops, convenient transportation networks and readily available medical resources. While the Group remains to consider the Guangzhou Paper Lease Properties to be well-suited for its current usage as elderly-care facilities, in view of the recent market conditions, the Group negotiated with Guangzhou Paper for the reduction of rental payment and the extension of the term of the lease by terminating the Guangzhou Paper Properties Lease Agreement and entering into the 2026 New Lease Agreement. The entering into of the 2026 New Lease Agreement, which is on normal commercial terms, will enable the Group to maintain its current operations at the sizable space of the Guangzhou Paper Lease Properties which are located in a suitable prime location for an extended period of time and at reasonable costs.

The extended lease term under the 2026 New Lease Agreement enables the Group to secure the right to use the Guangzhou Paper Lease Properties for a longer duration, which is conducive to ensuring the continuity and stability of the elderly-care and medical services currently operated by the Group at such properties. It is also expected to attract elderly residents and patients who are seeking long-term accommodation. Furthermore, the early renewal of the lease allows the Group to plan ahead and implement any major renovation works required for long-term usage, thereby reducing the operating costs that may otherwise arise from frequent minor repairs.

Having considered the above factors, the (i) terms and conditions of (a) the Termination Agreement; and (b) the 2026 New Lease Agreement; (ii) the basis of determination of the monthly rental payment under the 2026 New Lease Agreement; and (iii) the view of the Independent Financial Adviser in respect of the 2026 New Lease Agreement as set out in this announcement, the Board (including the independent non-executive Directors) considers that the Termination Agreement, the 2026 New Lease Agreement, and the transactions contemplated thereunder are fair and reasonable, on normal commercial term and in the ordinary and usual course of business of the Group and in the interest of the shareholders of the Company as a whole.

## **INFORMATION OF THE GROUP AND GUANGZHOU HAIYIYUAN**

### **The Group**

The Company is incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123). The Group is principally engaged in development, selling and management of properties and holding of investment properties. Guided by the brand mission of “Where Good Living Starts”, it has strategically established its business presence in the Greater Bay Area, Eastern China, Central and Western China and Northern China.

### **Guangzhou Haiiyuan**

Guangzhou Haiiyuan, an indirect non-wholly owned subsidiary of the Company, is principally engaged in the provision of elderly-care and medical services.

## **INFORMATION OF GZYX AND GUANGZHOU PAPER**

### **GZYX**

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

### **Guangzhou Paper**

Guangzhou Paper, an indirect wholly-owned subsidiary of GZYX, is principally engaged in the business of paper manufacturing.



## LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Group is required to recognise the lease relating to the Guangzhou Paper Lease Properties as right-of-use assets, and, as a result, (i) the Termination Agreement; (ii) the 2026 New Lease Agreement and the transactions contemplated thereunder will be regarded as disposal and acquisition of right-of-use assets by the Group pursuant to the Listing Rules, respectively.

Guangzhou Paper is a subsidiary of GZYY, which is the ultimate controlling shareholder of the Company, therefore Guangzhou Paper is a connected person of the Company under the Listing Rules. As such, under Chapter 14A of the Listing Rules, the transactions contemplated under (i) the Termination Agreement; and (ii) the 2026 New Lease Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio in respect of the higher of (i) the decrease in value of the right-of-use assets under the Termination Agreement; and (ii) the increase in value of the right-of-use assets under the 2026 New Lease Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Termination Agreement and the 2026 New Lease Agreement are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Lin Zhaoyuan, an executive Director and the Chairman of the Company, is also serving as a director, vice chairman and general manager of GZYY, he had abstained from voting on the Board resolutions of the Company in relation to the Termination Agreement and the 2026 New Lease Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the Termination Agreement and the 2026 New Lease Agreement and the transactions contemplated thereunder, or was required to abstain from voting on the relevant Board resolutions of the Company.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the 2026 New Lease Agreement is more than three years, the Company has appointed the Independent Financial Adviser to explain the reason for a longer tenure and to confirm that it is a normal business practice for agreement(s) of this type to be of such a duration. In assessing this point, the Independent Financial Adviser has discussed the principal reasons for a longer term under the 2026 New Lease Agreement with the management of the Company and is of the view that:

- (i) in view of the aging population in the PRC, it is believed that there has been an increasing demand for elderly-care and medical services. It is thus normal and customary for an operator, like Guangzhou Haiyiyuan, to enter into a long-term lease with its lessor to ensure a smooth and stable operation and enable the operator to optimise the potential return on its investments (which includes initial set up costs and interior decorations);



- (ii) a comparatively long duration will enable the Group to prevent any unnecessary cost, effort, time and interruption of business caused by the relocation in the case of shorter-term lease. In addition, it will help facilitate the Group's marketing initiatives and extend the period of income to be generated from the elderly-care and medical services business, so that the Group could better plan the long-term strategy in relation to the business;
- (iii) a term of longer than three years is required for the 2026 New Lease Agreement for the purpose of operating elderly-care and medical services business; and
- (iv) the 20-year tenure under the 2026 New Lease Agreement is a normal commercial term for a transaction of this nature and it is normal business practice for an agreement of this type to be of such a duration.

## DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“2026 New Lease Agreement”	the new lease agreement dated 30 January 2026 entered into between Guangzhou Paper (as lessor) and Guangzhou Haiyiyuan (as lessee) for leasing the Guangzhou Paper Lease Properties for 20 years, commencing from 30 January 2026
“Board”	the board of the Directors
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“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 and indirectly owned as to 95% by the Company and 5% by GZYX
“Group”	the Company and its subsidiaries
“Guangzhou Paper”	廣州造紙集團有限公司(Guangzhou Paper Group Ltd.*), a company established in the PRC with limited liability, wholly owned by GZYX

“Guangzhou Paper Lease Properties”	has the meaning ascribed to it under the paragraph headed “EARLY TERMINATION OF THE GUANGZHOU PAPER PROPERTY LEASE AGREEMENT — The Termination Agreement — Premises” in this announcement
“Guangzhou Paper Property Lease Agreement”	the property lease agreement dated 9 December 2019 entered into between Guangzhou Paper (as lessor) and Guangzhou Haiyiyuan (as lessee) for leasing the Guangzhou Paper Lease Properties for 12 years, commencing from 9 December 2019
“Guangzhou Haiyiyuan”	廣州越秀海頤苑健康養老服務有限公司 (Guangzhou Yuexiu Haiyiyuan Health Elderly Services Co., Ltd.*) (formerly known as 廣州越秀海頤苑健康管理有限公司 (Guangzhou Yuexiu Haiyiyuan Health Management Co., Ltd.)), a company established in the PRC with limited liability, indirectly owned as to 70% by GCCD and directly owned as to 30% by Guangzhou Paper.
“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
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“sq. m.”	square metre(s)
“Termination Agreement”	the termination agreement dated 30 January 2026 entered into between Guangzhou Paper (as lessor) and Guangzhou Haiyiyuan (as lessee) for the termination of the Guangzhou Paper Property Lease Agreement with effect from 29 January 2026
“%”	per cent.

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

Hong Kong, 30 January 2026

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

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

*Non-executive Directors:*         ZHANG Yibing and SU Junjie

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

\* *For identification purpose only*