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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

**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).

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*(Incorporated in Hong Kong with limited liability)*  
(Stock code: 00123)

**(1) CONNECTED TRANSACTION IN RELATION TO  
THE ACQUISITION OF 98% EQUITY INTEREST IN  
GUANGZHOU BAI CHENG INVESTMENT DEVELOPMENT CO. LTD.\*;  
(2) NOTICE OF GM; AND  
(3) CLOSURE OF REGISTER OF MEMBERS**

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



A notice convening the GM (as defined herein) of the Company to be held at 11:00 a.m. on 27 August 2021 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong as set out on pages GM-1 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 the Company, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, 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). Please see page ii of this circular for precautionary measures that the Company will implement at the GM in consideration of the continuing risk posed by coronavirus disease (COVID-19), including:

- compulsory wearing of face masks and any attendees who do not wear face masks may be requested to leave or denied entry into the GM venue;
- scanning of the "LeaveHomeSafe" venue QR code or registering contact details in written forms;
- compulsory hand sanitizing before entry into the GM venue;
- body temperature checks/screening before entry into the waiting area outside the GM venue; and
- **no** food and beverage service and **no** handing out of gift coupons or souvenirs.

**The Company would like to remind all Shareholders (as defined herein) 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 relevant resolution(s) 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.**

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## PRECAUTIONARY MEASURES FOR GM

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In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the GM, the Company will implement the following precautionary measures at the GM:–

- (1) All attendees must wear face masks at all times inside the GM venue or at the waiting area outside the GM venue. Any attendees who do not wear face masks may be requested to leave or denied entry into the GM venue.
- (2) All attendees must scan the “LeaveHomeSafe” venue QR code or register his/her name, contact number and the date and time of visit prior to entry into the GM venue.
- (3) All attendees must clean their hands with alcohol-based hand sanitizer before entering the GM venue.
- (4) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the GM venue. Any person with a body temperature of over 37.2 degrees Celsius may be requested to leave or denied entry into the GM venue.
- (5) **No** food and beverage service will be provided and there will be **no** handing out of gift coupons or souvenirs.
- (6) Attendees may need to confirm that (i) he/she has not travelled outside of Hong Kong within 14 days immediately before the GM (“Recent Travel History”); (ii) he/she is not subject to any HKSAR Government prescribed quarantine requirement; (iii) to his/her knowledge, he/she has not, within 14 days immediately before the GM, had close contact with any person under quarantine or with Recent Travel History; and (iv) he/she has no flu-like symptoms. Any person who fails to provide the required confirmation, or if he/she has shown flu-like symptoms, may be requested to leave or denied entry into the GM venue.
- (7) Only a limited number of seats will be available, with no standing arrangement, in the GM venue in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the GM venue.

The Company will continue to monitor how the COVID-19 outbreak develops and may adopt additional measures.

The Company reminds attendees that they should carefully consider their own health/personal circumstances before they decide to attend the GM in person. 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 relevant 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.

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

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

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## TIMETABLE

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### EXPECTED TIMETABLE FOR THE ACQUISITIONS AND THE GM

Despatch of GM circular and the GM Notice .....	11 August 2021
Latest time for lodging transfer documents for entitlements to the right to attend and vote at the GM .....	Tuesday, 24 August 2021
GM .....	11:00 a.m., 27 August 2021
Announcement of voting results of the GM .....	Friday, 27 August 2021

*Notes:*

- (1) Shareholders should note that the dates or deadlines specified in the expected timetable for the Acquisitions 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 circular 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.

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## DEFINITIONS

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

“2012 Equity Transfer Agreement”	has the meaning as ascribed to it in the paragraph headed “EQUITY TRANSFER AGREEMENT – Purchaser’s and Target Company’s obligations” in this circular
“Acquisition”	collectively, the Equity Transfer and the payment of the Dividend Payable in accordance with the terms of the Equity Transfer Agreement
“Amount Payable”	the amount of RMB419,189,883.14 dividend payable by the Target Company to the Seller as at the date of the Equity Transfer Agreement
“Announcement”	the announcement of the Company dated 23 July 2021 in relation to the Acquisition
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in the PRC)
“Commercial Real Estate”	has the meaning as ascribed to it in the paragraph headed “EQUITY TRANSFER AGREEMENT – Purchaser’s and Target Company’s obligations” in this circular
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“Completion”	has the meaning ascribed to it in the section headed “Completion of the Equity Transfer” of this circular
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer”	the transfer of 98% of the equity interest in the Target Company by the Seller to the Purchaser pursuant to the Equity Transfer Agreement

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## DEFINITIONS

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“Equity Transfer Agreement”	the equity transfer agreement entered into between the Seller and the Purchaser dated 23 July 2021 regarding the Equity Transfer
“Equity Transfer Consideration”	the consideration of RMB1,873,596,000 for the Purchaser’s acquisition of 98% of the equity interest in the Target Company from the Seller
“GM”	the general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transaction 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 directly wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“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 and Mr. Lau Hon Chuen Ambrose, established to advise the Independent Shareholders in respect of whether the Acquisitions are fair and reasonable and as to voting
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Acquisitions are fair and reasonable and as to voting
“Independent Shareholder(s)”	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)

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## DEFINITIONS

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“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Independent Valuer” or “Jones Lang LaSalle”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Latest Practicable Date”	9 August 2021, 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
“Minority Shareholder”	has the meaning ascribed to it in the section headed “The Acquisition” in this circular
“Original Shareholders”	collectively, the Original Shareholder 1 and the Original Shareholder 2
“Original Shareholder 1”	廣州市廣百物流有限公司 (Guangzhou Guangbai Logistics Co., Ltd.*) (previously known as 廣州市商業儲運公司 (Guangzhou Commercial Storage and Transportation Co., Ltd.*)), a company established in the PRC with limited liability and which is directly wholly-owned by the Minority Shareholder (which is in turn an independent third party directly wholly-owned by the Guangzhou Municipal People’s Government of the PRC)
“Original Shareholder 2”	廣州市化工原料公司 (Guangzhou Chemical Material Co., Ltd.*), a company established in the PRC with limited liability and which is directly wholly-owned by the Minority Shareholder (which is in turn an independent third party directly wholly-owned by the Guangzhou Municipal People’s Government of the PRC)
“PRC”	the People’s Republic of China and for the purpose of this circular excluding Hong Kong, Macau Special Administrative Region and Taiwan

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## DEFINITIONS

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“Pre-existing Agreements”	has the meaning as ascribed to it in the paragraph headed “EQUITY TRANSFER AGREEMENT – Purchaser’s and Target Company’s obligations” in this circular
“Project Land”	the land and the buildings located at 廣州市海珠區工業大道南大幹圍12號、1號(地塊二) (No. 1 (Lot 2) and No. 12 of Daganwei, Industrial Avenue South, Haizhu District, Guangzhou, China*), of which the certificate of the real estate ownership is 00400004.
“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 which is a 95.48% subsidiary of the Company
“Repayment Amount”	has the meaning as ascribed to it in the paragraph headed “EQUITY TRANSFER AGREEMENT – Consideration and payment terms” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Seller” or “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 on 25 December 2009 and a controlling shareholder holding 39.78% shareholdings of the Company, which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“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
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Appraised NAV”	has the meaning as ascribed to it in the paragraph headed “BASIS OF DETERMINATION OF TOTAL CONSIDERATION” in this circular



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## DEFINITIONS

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“Target Company”	廣州市佰城投資發展有限公司 (Guangzhou Bai Cheng Investment Development Co. Ltd.*), a company incorporated in the PRC and which is owned as to 98% by the Seller
“Total Consideration”	the aggregate consideration payable by the Purchaser for the Equity Transfer and the payment of the Repayment Amount by the Target Company to the Seller for settlement of the Dividend Payable in accordance with the terms of the Equity Transfer Agreement
“YXE”	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a company incorporated in Hong Kong with limited liability on 28 December 1984 and which is a 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. Lin Feng

Mr. Li Feng

Ms. Chen Jing

Ms. Liu Yan

***Registered Office***

26th Floor

Yue Xiu Building

160 Lockhart Road

Wanchai, Hong Kong

***Non-Executive Director***

Mr. Ouyang Changcheng

***Independent Non-executive Directors***

Mr. Yu Lup Fat Joseph

Mr. Lee Ka Lun

Mr. Lau Hon Chuen Ambrose

11 August 2021

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION  
TO THE ACQUISITION OF  
98% EQUITY INTEREST IN GUANGZHOU BAI CHENG  
INVESTMENT DEVELOPMENT CO. LTD.\***

**INTRODUCTION**

Reference is made to the Announcement. On 23 July 2021, the Group entered into the Acquisition upon and subject to the terms and conditions of the Equity Transfer Agreement.

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 in relation to the Acquisition; (iv) valuation reports in respect of the Target Company; 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 23 July 2021, the Purchaser, which is a subsidiary of the Company, has entered into the Equity Transfer Agreement with the Seller, which is the controlling shareholder of the Company, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 98% of the equity interest in the Target Company for the Equity Transfer Consideration of approximately RMB1,873,596,000. The remaining 2% of the equity interest in the Target Company is held by 廣州商貿投資控股集團有限公司 (Guangzhou Commercial Investment Holdings Group Limited\*) (“**Minority Shareholder**”). The Minority Shareholder is an independent third party which is directly wholly-owned by the Guangzhou Municipal People’s Government of the PRC. In addition, within 60 Business Days from the Completion, the Purchaser shall also inject a Repayment Amount of approximately RMB419,189,883.14 to the Target Company, which shall be used for the payment of the Amount Payable to the Seller.

### EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

#### **Date**

23 July 2021

#### **Parties**

The Seller as seller and the Purchaser as purchaser

#### **Asset to be acquired**

Pursuant to the Equity Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 98% of the equity interest in the Target Company.

#### **Consideration and payment terms**

The Equity Transfer Consideration of approximately RMB1,873,596,000 shall be payable by the Purchaser (using its internal funds) to the Seller within 5 Business Days after the Equity Transfer Agreement becomes effective.

In addition, within 60 Business Days from the Completion, the Purchaser (using its internal funds) shall also inject an amount of approximately RMB419,189,883.14 to the Target Company (the “**Repayment Amount**”), which shall be used for the payment of the Amount Payable to the Seller.

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## LETTER FROM THE BOARD

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### Conditions precedent

The effective date of the Equity Transfer Agreement shall be the day on which the last of the following conditions has been satisfied:

- (1) the Independent Shareholders having passed all necessary resolution at the general meeting to approve the Acquisition and the transactions contemplated thereunder; and
- (2) the approval(s) or waiver(s) of the relevant regulatory authorities or compliance review procedures which are necessary for the Acquisition having been obtained or carried out, including but not limited to: (i) the necessary procedures for the filing of the assessment of the state-owned assets and other relevant state-owned assets approval procedures; (ii) the relevant equity interest may be transferred to the Purchaser in the form of an agreement; and (iii) other necessary procedures for the state-owned assets ownership transfer, assessment approval and filing, etc..

### Purchaser's and Target Company's obligations

Pursuant to an equity transfer agreement dated 31 December 2012 (as amended and supplemented by supplemental agreements dated 5 January 2013 and 18 April 2013 respectively) (collectively, the “**2012 Equity Transfer Agreement**”), the Seller completed the acquisition of a total of 98% interest in the Target Company from the Original Shareholders for a consideration of RMB1.5 billion on 25 May 2016. A further supplemental agreement was entered into on 30 May 2021 to govern the rights and obligations between the shareholders of the Target Company (together with the 2012 Equity Transfer Agreement, the “**Pre-existing Agreements**”). In 2017, the Original Shareholder 1 transferred 2% interest in the Target Company to the Minority Shareholder and the Minority Shareholder assumed the rights and obligations of the relevant Original Shareholder under the Pre-existing Agreements.

Pursuant to the Pre-existing Agreements, the Target Company agreed to construct and deliver to the Original Shareholders before 31 December 2016 a portion of the commercial real estate developed on the Property amounting to a total gross floor area of 70,000 sq.m. (comprising a 30,000 sq.m. shopping mall, 21,000 sq.m. of grade A office premises, 4,000 sq.m. of street-level commercial properties, 15,000 sq.m. of office premises and 500 underground car parking spaces) (the “**Commercial Real Estate**”) at cost of up to a maximum of RMB1 billion, the sum of which had been paid on account (“**Cost on Account**”). Any residual Cost on Account shall be returned without interest to the Original Shareholders. As the Haizhu Municipal Government has adjusted the overall planning for the Project Land, the relevant construction permit in respect of the Project Land could not be granted prior to the finalization of the said planning. The relevant planning was finalized in 2020. Accordingly, the original delivery date of the Commercial Real Estate had subsequently been extended to before 31 December 2024, in return for which the Target Company is required to pay, in aggregate, a compensation of RMB65,000,000 (“**Compensation**”) to the Minority Shareholder and the

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## LETTER FROM THE BOARD

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Original Shareholder 1 to facilitate continued cooperation contemplated under the Pre-Existing Agreements. The Compensation was accrued and included in the accounts of the Target Company as at 31 May 2021, being the reference date for the valuation of the Target Company.

Based on the information currently available to the Company, as at the Latest Practicable Date:

1. *Cost Utilization:* As at the Latest Practicable Date, approximately RMB70 million of construction cost has been incurred; and based on the Target Company's progress plans, it is expected that the remaining construction costs for the development of the Commercial Real Estate to be incurred shall not exceed approximately RMB930 million; where the construction cost eventually incurred exceeds RMB1 billion, the construction cost in excess of RMB1 billion shall be funded by the Group through its internal resources. As at the Latest Practicable Date, it is estimated that the total construction cost required shall be very close to RMB1 billion, and hence no residual Cost on Account shall be returned to the Original Shareholders; and
2. *Construction progress:* The construction and development of the phase one of the Commercial Real Estate, on overall terms, has achieved 15-20% progress and has completed the underground works. It is expected that the construction and development works for phase one shall complete in 2023. The construction and development works for phase two has not commenced, but is expected to commence in June 2022 and complete in 2024. Based on the above and the Target Company's progress plans, it is expected that the Commercial Real Estate can be delivered on or before 31 December 2024 in accordance with the Pre-Existing Agreements.

### **Completion of the Equity Transfer**

The Purchaser and the Seller agreed to procure the Target Company to arrange for registration of the Equity Transfer and the amendment of the Articles of Association of the Target Company with its original registration authorities within 5 Business Days after the Equity Transfer Agreement becomes effective. Completion shall take place on the date on which the above registration is completed ("**Completion**").

Upon Completion, the Purchaser will own 98% of the equity interest of the Target Company. The Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial results of the Group.

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## LETTER FROM THE BOARD

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### **Compensation**

If the Equity Transfer Agreement is early terminated or rescinded due to the breach by the Seller, the Seller shall, within 10 Business Days after the Equity Transfer Agreement is terminated, return the Equity Transfer Consideration to the Purchaser, and shall procure the Target Company to return the Repayment Amount to the Purchaser. In addition, the Seller shall pay the Purchaser an amount equivalent to 5% of the Total Consideration as compensation.

If the Purchaser fails to pay the Equity Transfer Consideration to the Seller or provide the Repayment Amount to the Target Company according to the terms of the Equity Transfer Agreement, for each day that the amount is overdue, the Purchaser shall pay an interest at the rate of 0.0005% on the outstanding amount of the Total Consideration to the Seller.

### **Termination**

The Equity Transfer Agreement may be early terminated: (i) by either party upon the occurrence of a force majeure event; (ii) by the non-defaulting party if the other party loses the ability to perform the contract or the purpose of the Equity Transfer Agreement cannot be realised due to a serious breach by the defaulting party; or (iii) by mutual agreement of both parties.

## **MANAGEMENT OF THE TARGET COMPANY**

### **Board composition and reserved matters of the Target Company**

As a result of the completion of the Acquisition, the Target Company will be owned as to 98% by the Purchaser and 2% by the Minority Shareholder.

Upon Completion and following registration of the amendment of the Articles of Association of the Target Company, the board of the Target Company shall have a total of five directors, one of whom shall be appointed by the Minority Shareholder and four of whom shall be appointed by the Purchaser. All matters requiring board approval (such as, among others, setting up the internal control entity, appointing or dismissing managers and formulating general management system in the Target Company) are subject to simple majority vote.

All matters requiring shareholders' approval are subject to simple majority vote other than certain reserve matters such as (among others) increase or reduction of the registered capital, any merger, change in company form or liquidation and amendment of articles, which are subject to the approval by majority vote of more than two-thirds of the shareholders of the Target Company.

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## LETTER FROM THE BOARD

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### BASIS OF DETERMINATION OF TOTAL CONSIDERATION

The Total Consideration is approximately RMB2,292,785,883.14, of which approximately RMB1,873,596,000 represents the Equity Transfer Consideration and approximately RMB419,189,883.14 represents the Repayment Amount. The Equity Transfer Consideration was determined with reference to the market value of a 100% equity interest in the Target Company as at 31 May 2021, which was approximately RMB1,911,832,000, as valued by the Independent Valuer by application of the summation method under cost approach (the “**Target Appraised NAV**”). The Repayment Amount is the dollar-for-dollar value of the Amount Payable.

The Directors (including the independent non-executive Directors) consider that the Total Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### INFORMATION OF THE TARGET COMPANY

The Target Company is owned as to 98% by the Seller. It is principally engaged in property development and investment, including the development of the Project Land. It is the sole legal and beneficial owner of property rights in the Project Land. The Project Land is situated at 廣州市海珠區工業大道南大幹圍12號、1號(地塊二) (No. 1 (Lot 2) and No. 12 of Daganwei, Industrial Avenue South, Haizhu District, Guangzhou, China\*). It has a total site area of 62,578 sq.m. and a plot ratio accountable gross floor area of 389,813 sq.m.. The Project Land is being developed for commercial use, including apartment, retail, shopping mall, ancillary and basement.

The audited financial information of the Target Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2019 and 31 December 2020, respectively, is as follows:

	<b>For the financial year ended 31 December 2019 RMB'000</b>	<b>For the financial year ended 31 December 2020 RMB'000</b>
Revenue	0	0
Net profit (or loss) before taxation	555,459	531,269
Net profit (or loss) after taxation	417,912	398,230

The net profit before and after taxation of the Target Company for the financial years ended 31 December 2019 and 2020 were attributable to the compensation received by the Target Company from the relevant governmental authorities in respect of the acquisition of another parcel of land once owned by the Target Company before, which does not form part of the Project Land.

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## LETTER FROM THE BOARD

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The Project Land represents the sole parcel of land held by the Target Company and, as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries based on the information currently available, it is expected that any portion of the Project Land shall not be subject to further land resumption by the relevant government authorities.

As at 31 May 2021, the total assets of the Target Company amounted to approximately RMB1,881,382,579 whereas the book value of equity of the Target Company was approximately -RMB62,785,677.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Project Land which is located at 廣州市海珠區工業大道南大幹圍12號、1號(地塊二) (No. 1 (Lot 2) and No. 12 of Daganwei, Industrial Avenue South, Haizhu District, Guangzhou, China\*, with a total site area of 62,578 sq.m., has excellent geographical advantages. Haizhu District (海珠區), where the Project Land sits, is one of the core areas of Guangzhou with well-developed premium lifestyle facilities and transportation systems. Three surrounding subway stations (Shixi Station (石溪站) and Nanzhou Station (南洲站) on Guangfo Line (廣佛線), Nanzhou Station (南洲站) on Line 2 (2號線), and Daganwei Station (大幹圍站) on Line 10 (10號線)) provides quick and direct reach to the core business district in Guangzhou. In view of the healthy and stable real estate market in Guangzhou and the quality of the Project Land, the development prospects of the Project Land is considered promising. The Acquisition serves to add approximately 389,813 sq.m. of a plot ratio accountable gross floor area to the land bank capacity of the Group, helping the Company to strengthen its core real estate business and to consolidate its leading strategic positioning of the Group in the Guangzhou real estate market, reinforcing the national and regional roadmap strategy in the Greater Bay Area and for the development of Eastern, Central, North and Southwest of China. In view of the above, the Directors believe that it is in the interest of the Group to acquire interest in the Project Land through the Acquisition.

Upon Completion, the Purchaser will own 98% interest of the Target Company. Accordingly, the financial results of the Target Company will be consolidated into the consolidated financial results of the Group and they are expected to contribute to the Group's overall operating revenue.

Taking into account the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder 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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### INFORMATION OF THE COMPANY, THE SELLER AND THE PURCHASER

#### The Company

The Company is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, Yangtze River Delta, Bohai Rim Economic Zone and Central Region.

#### The Seller

The Seller, through its various subsidiaries, is principally engaged in various businesses including (among others) financial business, property development, infrastructure and construction.

#### The Purchaser

The Purchaser is principally engaged in property development and investment.

### IMPLICATIONS UNDER THE LISTING RULES

The Seller is the controlling shareholder of the Company and hence a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5%, the Acquisition is subject to the reporting, announcement, circular requirements and the approval of the Independent Shareholders at the general meeting under Chapter 14A of the Listing Rules.

As none of the Directors had a material interest in the Acquisition, no Director has abstained from voting on the relevant board resolution(s) 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 Acquisitions.

Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions. Such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 August 2021 to Friday, 27 August 2021 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Tuesday, 24 August 2021.

### GM AND CIRCULAR

The GM will be held at 11:00 a.m. on 27 August 2021 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong 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 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 Level 54, Hopewell Centre, 183 Queen's Road East, 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 27 August 2021. You will find enclosed with this circular the notice of the GM (please refer to pages GM-1 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 the Equity Transfer Agreement 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. Each of the Company and its respective associates will abstain from voting on the relevant resolution to approve the Equity Transfer Agreement and the transaction contemplated thereunder 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 Equity Transfer Agreement and the transaction contemplated thereunder for the purpose of the Listing Rules.

### RECOMMENDATIONS

You are advised to read carefully the letter from the Independent Board Committee on page 16 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 18 to 31 of this circular, consider that the terms and conditions of the Equity Transfer Agreement and the contemplated transaction 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 Equity Transfer Agreement and the transaction contemplated thereunder at the GM.

The Board considers that the terms of the Equity Transfer Agreement and the transaction 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 Equity Transfer Agreement and the transaction contemplated thereunder (namely, the Acquisition).*



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

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

11 August 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION  
TO THE ACQUISITION OF  
A 98% INTEREST IN GUANGZHOU BAI CHENG  
INVESTMENT DEVELOPMENT CO. LTD.;**  
**(2) NOTICE OF GM; AND**  
**(3) CLOSURE OF REGISTER OF MEMBERS**

We refer to the circular of the Company dated 11 August 2021 (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 Equity Transfer Agreement and the transaction 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 Equity Transfer Agreement and the transaction 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 factor and reasons it has taken into consideration, as set out on pages 18 to 31 of the Circular; and (ii) the letter from the Board as set out on pages 6 to 15 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Equity Transfer Agreement and the transaction 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 Equity Transfer Agreement and the transaction 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, we recommend that the Independent Shareholders to vote in favour of the resolution to approve the Equity Transfer Agreement 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*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from Maxa Capital, 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.*



Unit 1908, Harbour Center  
25 Harbour Road  
Wan Chai  
Hong Kong

11 August 2021

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 98%  
EQUITY INTEREST IN GUANGZHOU BAI CHENG INVESTMENT  
DEVELOPMENT CO. LTD.\***

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board of Committee and the Independent Shareholders in relation to the acquisition of 98% equity interest of Guangzhou Bai Cheng Investment Development Co. Ltd., details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 11 August 2021 issued by the Company (“the **Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 23 July 2021, the Purchaser, which is a subsidiary of the Company, has entered into the Equity Transfer Agreement with the Seller, which is a controlling shareholder of the Company, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 98% of the equity interest in the Target Company, which owns Project Land, for the Equity Transfer Consideration of approximately RMB1,873,596,000. In addition, within 60 Business Days from the Completion, the Purchaser shall also inject the Repayment Amount of approximately RMB419,189,883.14 to the Target Company, which shall be used for the payment of the Amount Payable to the Seller. Upon Completion, the Purchaser will own 98% of the equity interest of the Target Company. The Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial results of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Total Consideration is approximately RMB2,292,785,883.14, of which approximately RMB1,873,596,000 represents the Equity Transfer Consideration and approximately RMB419,189,883.14 represents the Repayment Amount. The Equity Transfer Consideration was determined with reference to the market value of 100% equity interest in the Target Company as at 31 May 2021, which was approximately RMB1,911,832,000, as valued by the Independent Valuer by application of the summation method under cost approach. The Repayment Amount is the dollar-for-dollar value of the Amount Payable.

Since the Seller is a controlling shareholder of the Company, the Seller is a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5%, the Acquisition is subject to the reporting, announcement, circular requirements and the approval of the Independent Shareholders at the GM under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant board resolution to be proposed at the GM to approve the Equity Transfer Agreement and the transactions contemplated thereunder. We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company in accordance with Rule 13.84 of the Listing Rules and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of Equity Transfer Agreement and the transaction contemplated thereunder. Save for our appointment as the Independent Financial Adviser in respect of the Acquisition, we were appointed once as the independent financial adviser to the Board in the last two years in relation to the acquisition of 90% equity interest in Guangzhou Yuejing Property Development Co. Ltd., details of which were set out in the announcement of the Company dated 31 May 2021. Apart from the normal advisory fee payable to us in connection with this appointment and the previous appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company. The aforesaid previous appointment was limited to providing one-off independent advisory service, for which Maxa Capital received normal professional fees. Accordingly, we do not consider such previous appointment gives rise to any conflict of interest for Maxa Capital in acting as the Independent Financial Adviser in respect of the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company (the “**Management**”). We have reviewed, inter alia, the statements, the information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the GM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

The Company confirmed that they have, at our request, provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers, the Directors and the Management. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Company, the Seller, the Target Company and each of their respective subsidiaries or associates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

#### **1. Background information of the Group**

The Company is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, Yangtze River Delta, Bohai Rim Economic Zone and Central Region. As at 31 December 2020, the total landbank of the Group amounted to approximately 24.54 million square meters located in 21 cities in China.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below are the financial information of the Group for the years ended 31 December 2018, 2019 and 2020 extracted from the 2019 annual report of the Company and the 2020 annual report of the Company (the “**2020 Annual Report**”) respectively:

	<b>For the year ended 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	26,433,444	38,339,112	46,234,259
– Property development	24,290,331	34,453,749	43,464,868
– Property management	846,496	888,186	801,913
– Property investment	684,715	689,564	602,804
– Others	611,902	2,307,613	1,364,674
Gross Profit	8,392,922	13,117,387	11,626,088
Profit for the year	3,039,493	4,730,508	4,682,900
Profit attributable to equity holders of the Company	2,727,885	3,483,351	4,247,860
	<b>As at 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	168,820,498	234,697,255	263,196,000
Total liabilities	125,908,780	179,505,439	198,919,885
Total equity	42,911,718	55,191,816	64,276,115

As illustrated in the table above, for the year ended 31 December 2020 (“**FY2020**”), the Group recorded a revenue of approximately RMB46,234.3 million, representing an increase of approximately 20.6% as compared to that for the year ended 31 December 2019 (“**FY2019**”). For FY2019, the Group’s revenue amounted to approximately RMB38,339.1 million, representing an increase of approximately 41.1% as compared to that for the year ended 31 December 2018 (“**FY2018**”). The Group’s profit attributable to the equity holders for FY2020 amounted approximately RMB4,247.9 million, representing an increase of approximately 21.9% in comparison with that for FY2019. The profits attributable to the equity holders of the Company recorded as approximately RMB3,483.4 million in FY2019, representing an increase of approximately 27.7% as compared to that for FY2018.

The Group’s total assets and total equity as at 31 December 2020 increased by approximately 12.1% and approximately 16.5% respectively as compared to that as at 31 December 2019. The Group’s total assets and total equity amounted to approximately RMB234,697.3 million and approximately RMB42,911.7 million as at 31 December 2019 respectively, representing an increase of approximately 39.0% and approximately 28.6% as compared to that as at 31 December 2018.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Background information of the Target Company and the Project Land

The Target Company is owned as to 98% by the Seller. The remaining 2% of the equity interest in the Target Company is held by 廣州商貿投資控股集團有限公司\* (Guangzhou Commercial Investment Holdings Group Limited\*), (“**Minority Shareholder**”). The Minority Shareholder is an independent third party which is directly wholly-owned by the Guangzhou Municipal People’s Government of the PRC. The Target Company is principally engaged in property development and investment, including the development and operation of the Project Land. It is the sole legal and beneficial owner of property rights in the Project Land. The audited financial information of the Target Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2019 and 31 December 2020, respectively, is as follows:

	<b>For the financial year ended 31 December 2019 RMB’000</b>	<b>For the financial year ended 31 December 2020 RMB’000</b>
Revenue	0	0
Net profit (or loss) before taxation	555,459	531,269
Net profit (or loss) after taxation	417,912	398,230

We noted the Target Company has not generated any revenue for FY2019 and FY2020 but recorded the net profit for such years. According to the audited reports of the Target Company, such net profit is attributable to the gain on disposal of intangible assets. We have reviewed the legal opinion on the Target Company and discussed with the Management, and understood that such gain is related to the compensation received by the Target Company from the relevant governmental authorities in respect of the resumption of another parcel of land once owned by the Target Company then, which does not form part of the Project Land.

As at 31 May 2021, the book value of total assets of the Target Company amounted to approximately RMB1,881,382,579 whereas the book value of equity of the Target Company was approximately -RMB62,785,677.

The Project Land is situated at 廣州市海珠區工業大道南大干圍12號、1號(地塊二) (No. 1 (Lot 2) and No. 12 of Daganwei, Industrial Avenue South, Haizhu District, Guangzhou, China\*). It has a total site area of 62,578 sq.m. and a plot ratio accountable gross floor area of 389,813 sq.m.. Phase I of the Project Land is under development in early stage and are scheduled to be completed in December 2023. The construction of phase II of the Project Land has not been commenced so far and it is expected to commence the development in June 2022 and be completed in December 2024. The Project Land will be developed for commercial use, including apartment, retail, shopping mall, ancillary and basement. The land use rights of the Project Land have been granted for a term of 40 years for commercial use and 50 years for composite use.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Project Land represents the sole parcel of land held by the Target Company and, as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries based on the information currently available, it is not expected that any portion of the Project Land shall be subject to further land resumption by the relevant governmental authorities.

### 3. Reasons for and benefits of the Acquisition

The Project Land has excellent geographical advantages. Haizhu District (海珠區), where the Project Land sits, is one of the core areas of Guangzhou with well-developed premium lifestyle facilities and transportation systems. Three surrounding subway stations (Shixi Station (石溪站) and Nanzhou Station (南洲站) on Guangfo Line (廣佛線), Nanzhou Station (南洲站) on Line 2 (2號線), and Daganwei Station (大幹圍站) on Line 10 (10號線)) provides quick and direct reach to the core business district in Guangzhou. In view of the healthy and stable real estate market in Guangzhou and the quality of the Project Land, the development prospects of the Project Land is considered promising. The Acquisition serves to add approximately 389,813 sq.m. of a plot ratio accountable gross floor area to the land bank capacity of the Group, helping the Company to strengthen its core real estate business and to consolidate its leading strategic positioning of the Group in the Guangzhou real estate market, reinforcing the national and regional roadmap strategy in the Greater Bay Area and for the development of Eastern, Central, North and Southwest of China. In view of the above, the Directors believe that it is in the interest of the Group to acquire interest in the Project Land through the Acquisition. Upon Completion, the Purchaser will own 98% interest of the Target Company. Accordingly, the financial results of the Target Company will be consolidated into the consolidated financial results of the Group and they are expected to contribute to the Group's overall operating revenue.

As set out in the 2020 Annual Report, the Group implemented the Greater Bay Area market cultivation strategy and continued to increase prime landbank in the Greater Bay Area. Looking forward to 2021, the demand in megalopolis and metropolitan areas including the Greater Bay Area remains strong with better market performance and the Group will acquire quality landbank and focus on investing in the Greater Bay Area. The Acquisition is in line with the future development of the Group and will help the Group in expanding its strategic layout in Greater Bay Area and reinforce its influence in Guangdong Province. In addition, the Acquisition will provide the Group with access to the Project Land held by the Target Company which is expected to strengthen the future financial performance of the Group by contributing revenue and profit in future.

In view of the abovementioned, we concur with the Directors that the Acquisition is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Principal Terms of the Equity Transfer Agreement

- Date:** 23 July 2021
- Parties:** The Seller as seller and the Purchaser as purchaser
- Asset to be acquire:** Pursuant to the Equity Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 98% of the equity interest in the Target Company.
- Consideration and payment terms:** The Equity Transfer Consideration of approximately RMB1,873,596,000 shall be payable by the Purchaser (using its internal funds) to the Seller within 5 Business Days after the Equity Transfer Agreement becomes effective.
- In addition, within 60 Business Days from the Completion, the Purchaser (using its internal funds) shall also inject an amount of approximately RMB419,189,883.14 to the Target Company (the “**Repayment Amount**”), which shall be used for the payment of the Amount Payable to the Seller.
- Conditions precedent:** The effective date of the Equity Transfer Agreement shall be the day on which the last of the following conditions has been satisfied:
- (a) the Independent Shareholders having passed all necessary resolution at the general meeting to approve the Acquisition and the transactions contemplated thereunder; and
  - (b) the approval(s) or waiver(s) of the relevant regulatory authorities or compliance review procedures which are necessary for the Acquisition having been obtained or carried out, including but not limited to: (i) the necessary procedures for the filing of the assessment of the state-owned assets and other relevant state-owned assets approval procedures; (ii) the relevant equity interest may be transferred to the Purchaser in the form of an agreement; and (iii) other necessary procedures for the state-owned assets ownership transfer, assessment approval and filing, etc.).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Purchaser's and Target  
Company's obligations:**

Pursuant to an equity transfer agreement dated 31 December 2012 (as amended and supplemented by supplemental agreements dated 5 January 2013 and 18 April 2013 respectively) (collectively, the “**2012 Equity Transfer Agreement**”), the Seller completed the acquisition of a total of 98% interest in the Target Company from the Original Shareholders for a consideration of RMB1.5 billion on 25 May 2016. A further supplemental agreement was entered into on 30 May 2021 to govern the rights and obligations between the shareholders of the Target Company (together with the 2012 Equity Transfer Agreement, the “**Pre-existing Agreements**”). In 2017, the Original Shareholder 1 transferred 2% interest in the Target Company to the Minority Shareholder and the Minority Shareholder assumed the rights and obligations of the relevant Original Shareholder under the Pre-existing Agreements.

Pursuant to the Pre-existing Agreements, the Target Company agreed to construct and deliver to the Original Shareholders before 31 December 2016 a portion of the commercial real estate developed on the Property amounting to a total gross floor area of 70,000 sq.m. (comprising a 30,000 sq.m. shopping mall, 21,000 sq.m. of grade A office premises, 4,000 sq.m. of street-level commercial properties, 15,000 sq.m. of office premises and 500 underground car parking spaces) (the “**Commercial Real Estate**”), at cost of up to a maximum of RMB1 billion, the sum of which had been paid on account (“**Cost on Account**”). Any residual Cost on Account shall be returned without interest to the Original Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Haizhu Municipal Government has adjusted the overall planning for the Project Land, the relevant construction permit in respect of the Project Land could not be granted prior to the finalisation of the said planning. The relevant planning was finalised in 2020. Accordingly, the original delivery date of the Commercial Real Estate had subsequently been extended to before 31 December 2024, in return for which the Target Company is required to pay, in aggregate, a compensation of RMB65,000,000 (“**Compensation**”) to the Minority Shareholder and the Original Shareholder 1 to facilitate continued cooperation contemplated under the Pre- Existing Agreements. The Compensation was accrued and included in the accounts of the Target Company as at 31 May 2021, being the reference date for the valuation of the Target Company.

Based on the information currently available to the Company, as at the Latest Practicable Date:

1. *Cost Utilisation:* As at the Latest Practicable Date, approximately RMB70 million of construction cost has been incurred; and based on the Target Company’s progress plans, it is expected that the remaining construction cost for the development of the Commercial Real Estate to be incurred shall not exceed approximately RMB930 million; where the construction cost eventually incurred exceeds RMB1 billion, the construction cost in excess of RMB1 billion shall be funded by the Group through its internal resources. As at the Latest Practicable Date, it is estimated that the total construction cost required shall be very close to RMB1 billion, and hence no residual Cost on Account shall be returned to the Original Shareholders; and
2. *Construction progress:* The construction and development of the phase one of the Commercial Real Estate, on overall terms, has achieved 15-20% progress and has completed the underground work. It is expected that the construction and development work for phase one shall complete in 2023. The construction and development work for phase two has not commenced, but is expected to commence in June 2022 and complete in 2024. Based on the above and the Target Company’s progress plans, it is expected that the Commercial Real Estate can be delivered on or before 31 December 2024 in accordance with the Pre-Existing Agreements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Completion of the Equity Transfer:**

The Purchaser and the Seller agreed to procure the Target Company to arrange for registration of the Equity Transfer and the amendment of the Articles of Association of the Target Company with its original registration authorities within 5 Business Days after the Equity Transfer Agreement becomes effective. Completion shall take place on the date on which the above registration is completed (“**Completion**”).

**Compensation:**

If the Equity Transfer Agreement is early terminated or rescinded due to the breach by the Seller, the Seller shall return the Equity Transfer Consideration to the Purchaser, and shall procure the Project Company to return the Repayment Amount to the Purchaser. In addition, the Seller shall pay the Purchaser an amount equivalent to 5% of the Total Consideration as compensation.

If the Purchaser fails to pay the Equity Transfer Consideration to the Seller or provide the Repayment Amount to the Target Company according to the terms of the Equity Transfer Agreement, for each day that the amount is overdue, the Purchaser shall pay an interest at the rate of 0.0005% on the outstanding amount of the Total Consideration to the Seller.

**Termination:**

The Equity Transfer Agreement may be early terminated: (i) by either party upon the occurrence of a force majeure event; (ii) by the non-defaulting party if the other party loses the ability to perform the contract or the purpose of the Equity Transfer Agreement cannot be realised due to a serious breach by the defaulting party; or (iii) by mutual agreement of both parties.

### 5. Assessment of the Consideration

As disclosed in the Letter from the Board, the Total Consideration is estimated to be approximately RMB2,292,785,883.14. The Equity Transfer Consideration was determined with reference to the market value of 100% equity interest in the Target Company as at 31 May 2021, which was approximately RMB1,912 million, as valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”), the Independent Valuer. The Repayment Amount is the dollar-for-dollar value of the Amount Payable to the Seller.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company has engaged JLL to prepare valuation reports (the “**NAV Valuation Report**” and the “**Project Land Valuation Report**”) on the 98% of net assets value of the Target Company and the market value of the Project Land in existing state as at 31 May 2021. We have reviewed such valuation reports and noted that as at 31 May 2021, 98% of net assets value of the Target Company is RMB1,873,596,000 according to the NAV Valuation Report and the market value in existing state of the Project Land was RMB3,854,000,000 according to the Project Land Valuation Report.

In order to assess the expertise and independence of JLL, we have obtained and reviewed the engagement letter of the JLL and the relevant licenses, qualifications and experience of JLL and its working team. We have also conducted telephone discussion with the working team of JLL to understand its previous experiences on valuation projects, the methodologies, basis and assumptions they have adopted in the valuation reports as well as the steps and measures taken by JLL in conducting such valuation. We also understand from JLL that it has carried out on-site inspections and made relevant enquiries and searches for preparing such valuation reports and no irregularities were noted. JLL confirmed that it is independent from the Group and their respective associates. Based on the above, we consider that JLL is qualified and possesses relevant experience in conducting the valuations, and the terms and scope of the engagement between the Company and JLL are appropriate to the opinion JLL is required to give.

### *NAV Valuation Report*

We have reviewed the NAV Valuation Report and noted that summation method under cost approach is adopted for assessing value for 98% of the net assets of the Target Company based on the market values of the underlying assets of the Target Company less the value of any related liabilities.

We understand that the value of assets and liabilities (except inventories and deferred tax liabilities) are valued based on their values in auditor’s report without any adjustment. Given the nature of such assets and liabilities are not subject to market change and depreciation, we consider valuing such assets and liabilities as its carry amount is fair and reasonable. We noticed that the Project Land, which was stated in the auditor’s report of the Target Company as inventories, represents the principal asset of the Target Company. Given that (i) the Project Land is the core asset which accounted for approximately 85.4% of the Target Company’s total assets as at 31 May 2021 as valued by JLL; and (ii) the book value of each of the assets and liabilities of the Target Company could be analysed, adjusted and appraised individually, we concur with the JLL that it is fair and reasonable to adopt the summation method to value the net assets value of the Target Company.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Project Land Valuation Report*

We have reviewed the Project Land Valuation Report and discussed with JLL on the methodologies of, and basis and assumptions adopted therein. We understood that (i) combination of comparison approach for the land portion and cost approach for the construction work in progress is adopted for appraising the property interest in Group I (property interest held under development by the Target Company in the PRC); and (ii) comparison approach is adopted for appraising the property interest in Group II (property interest held for future development by the Target Company in the PRC). JLL has adopted the comparison approach by making reference to comparable sales evidence available in the relevant market and has 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.

The 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. We understand from JLL that comparison approach is fully in line with the relevant valuation and market standards for appraising the properties in the PRC. JLL advised that the residual value approach, which values the property interest in Group I by reference to its development potential by deducting costs and developer's profits from its estimated completed development value, is not suitable since (i) phase I of the Project Land is in the early stage of development, and hence there will be potential adjustments on both development cost and project planning in the later stage of development process; and (ii) the basis and assumptions under the residual value approach involved greater uncertainties.

We have reviewed the list of comparable properties identified by JLL for the Project Land. We understood from JLL that such three comparable properties form an exhaustive list of properties most comparable to the Project Land in terms of location, time of transaction, usage, accessibility and other relevant factors. We noted that (i) the comparable properties are of commercial use with the locations in the nearby districts of the Project Land's in Guangzhou; (ii) the transactions of comparable properties are conducted in 2021 before the date of the Equity Transfer Agreement; and (iii) the information of the comparable properties is consistent with the published information from the database of Bureau of Land and Resources. JLL has made relevant adjustments including location, site area, transaction situation and restriction of planning to take into account the differences between the comparable properties and the Project Land. JLL used the average of the adjusted accommodation value of the three comparable properties as the unit land value in calculation of the valuation of the Project Land, which is within the range of the original accommodation value of such comparable properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on our review of the legal opinion on the Target Company and the relevant title documents of the Project Land, and our review and analysis of the NAV Valuation Report and the Project Land Valuation Report above, we are of the view that the valuation methodologies, the basis and assumptions adopted in appraising the Project Land are reasonable and acceptable.

Taking into account the above work and steps we have conducted in relation to the relevant valuation reports, including but not limited to (i) interviewing JLL as to its expertise and its independence; (ii) reviewing the terms of engagement of JLL and assessing the appropriateness of its scope of work; (iii) assessment on the reasonableness of the valuation methodologies, basis and assumptions being adopted, we consider the Total Consideration of the Acquisition is fair and reasonable.

### **6. Assessment of the Purchaser's and Target Company's obligations**

We have discussed with the Management, reviewed the development plan and the project budget of the Commercial Real Estate prepared by the Company and understood that the Management is positive that the deadline can be met and the construction costs can be controlled within RMB1 billion. We noted the Commercial Real Estate is expected to be delivered by December 2024 according to its development plan, while the construction costs of the Commercial Real Estate under the required standards are expected to be within RMB1 billion according to the project budget. Based on the above, we are of the view that the Management's statement above in relation to the deadline and the construction costs is achievable.

We have also reviewed the audit report of the Target Company for the five months ended 31 May 2021 and noted that (i) the amount of Compensation was accrued and included as "other payables and accrued charges" in the accounts of the Target Company before 31 May 2021, being the reference date for the NAV Valuation Report.

Based on the above, we are of the view that (i) the terms of the Purchaser's and Target Company's obligation are fair and reasonable since they are consistent with that in the Pre-existing Agreements; and (ii) the impact of Compensation has been reflected in the NAV Valuation Report and the Consideration.

### **7. Management of the Target Company**

#### ***Board composition and reserved matters of the Target Company***

As a result of the completion of the Acquisition, the Target Company will be owned as to 98% by the Purchaser and 2% by the Minority Shareholder.

Upon Completion and following registration of the amendment of the Articles of Association of the Target Company has a total of five directors, one of whom shall be appointed by the Minority Shareholder and four of whom shall be appointed by the Purchaser. All matters requiring board approval (such as, among others, setting up the internal control entity, appointing or dismissing managers and formulating general management system in the Target Company) are subject to simple majority vote.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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All matters requiring shareholders' approval are subject to simple majority vote other than certain reserve matters such as (among others) increase or reduction of the registered capital, any merger, change in company form or liquidation and amendment of articles, which are subject to the approval by majority vote of more than two-thirds of the shareholders of the Target Company.

### **8. Financial effects of the Acquisition on the Group**

Upon Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial results of the Group. As the phase I of Project Land is still under construction and phase II of Project Land is bare land, the Acquisition would not immediately contribute material revenue or profit to the Group upon Completion. It is expected that the Group's revenue and profit will be enhanced upon the delivery of Project Land within five years. There will not be material change to the net assets of the Group upon Completion. The Acquisition would result in a cash outflow at the amount of the Total Consideration. Given (i) the cash and cash equivalent of the Group was approximately RMB28.2 billion as at 31 December 2020 and the Total Consideration only amounts to approximately 8.1% of the cash and cash equivalent of the Group; (ii) the Target Company is expected to generate revenue for the Group since 2023; and (iii) the Target Company is self-sustainable in terms of working capital and the Company does not need to make further investment in the Target Company after Completion, we concur with the Directors that the Acquisition would not have material adverse effect on the working capital of the Group.

### **OPINION**

Taking into account of the above factors and reasons, we are of the view that (i) the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the ordinary and usual course of business of the Group, is 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 Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Maxa Capital Limited**  
**Dian Deng**  
*Managing Director*

*Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 13 years of experience in the corporate finance industry.*



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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

11 August 2021

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 undertaken a valuation which requires Jones Lang LaSalle Corporate Appraisal and Advisory Limited to express an independent opinion of 98 Percent of the net asset value of Guangzhou Bai Cheng Investment Development Co. Ltd. (廣州市佰城投資發展有限公司, the “Target Company”) as at 31 May 2021 (the “Valuation Date”). The report which follows is dated 11 August 2021 (the “Report Date”).

The purpose of this valuation 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. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

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

We do not intend to express any opinion in 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 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 investigations and analyses outlined in this report, we are of the opinion that 98 Percent of the net asset value of the Target Company as at the Valuation Date is RMB1,873,596,000.

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. Any 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**

This report has been prepared in accordance with instructions from Yuexiu Property Company Limited to express an independent opinion of 98 Percent of the net asset value of Guangzhou Bai Cheng Investment Development Co. Ltd. (廣州市佰城投資發展有限公司, the “Target Company”) as at 31 May 2021. The report which follows is dated 11 August 2021 (the “Report Date”).

**PURPOSE OF VALUATION**

The purpose of this valuation is for public disclosure reference.

**BASIS OF OPINION**

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. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

**BACKGROUND**

Established in November 2012, Guangzhou Bai Cheng Investment Development Co. Ltd. (廣州市佰城投資發展有限公司, the “Company”) is principally engaged in the development and operation of properties and provision of corporate management services.

Target Company is principally engaged in the property development of Xinghui Runjin Plaza (星匯潤錦廣場, the “Project”), which is located at the southern side of Gongye Road and the western side of Daganwei, Haizhu District, Guangzhou City, Guangdong Province, The PRC. The Project comprises a parcel of land with a site area of approximately 62,577 sq.m., which is being developed into a commercial development. Portions of Yuexiu Daganwei were under development (the “CIP”) as at the valuation date and are scheduled to be completed in December 2023. The construction of the remaining portion of Yuexiu Daganwei (the “bare land”) had not been commenced as at the valuation date.

**ASSUMPTIONS**

In determining the net asset value of the Target Company, including the market 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 Properties 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 for 98 Percent of the net asset, we have applied the summation method under cost approach in determining our opinion of value. In this report, we had considered the type of assets and liabilities and their conditions when arriving at their market values. We adopted appropriate valuation methodology for each different class of assets and liabilities.

<b>Assets</b>	<b>Valuation Approach &amp; Methodology</b>
Cash and cash equivalents; Prepayments; Other receivables; Property, plant and equipment; Other current assets; Deferred tax assets; Other non-current assets	Based on values in the auditor's report of the Target Company.
Inventories	Based on the Valuation Report of the Property issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.
<b>Liabilities</b>	<b>Valuation Approach &amp; Methodology</b>
Accrued payroll; Other payables and accrued charges; Tax payables	Based on values in the auditor's report of the Target Company.
Deferred tax liabilities	Deferred tax liability is estimated based on increase in value from adjusted book value of Inventories to 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 auditor's report of the Target Company as at the Valuation Date.

<b>Guangzhou Bai Cheng Investment Development Co. Ltd.</b>	<b>Book Value</b> <i>(RMB)</i>
<b><i>Total Assets</i></b>	<b>1,881,382,579</b>
Cash and equivalents	53,157,878
Prepayments	2,336,048
Other receivables	581,045,345
Inventories	1,221,175,865
Other current Assets	405,834
Property, plant and equipment	68,501
Deferred tax assets	2,857,505
Other non-current Assets	20,335,603
<b><i>Total Liabilities</i></b>	<b>1,944,168,256</b>
Accrued payroll	19,906,672
Tax payables	65,282
Other payables and accrued charges	1,881,853,341
Deferred tax liabilities	0
Provisions	42,342,960
<b><i>Equity</i></b>	<b>-62,785,677</b>

**VALUATION COMMENTS**

In general, we have undertaken the necessary and appropriate valuation procedures in the valuation of the subject items 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 user of the Valuation Report should be aware of the condition relating to the validity period of the report, which is one year as stated in the Valuation Report.

**Commentary on the Impact of Novel Coronavirus COVID-19 on Valuation**

We are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk towards the achievability of the financial projections/assumptions. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last



and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

### OPINION OF VALUE

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the 98 Percent of net asset value of the Target Company as at the Valuation Date is RMB1,873,596,000. The details are as follows:

<b>Guangzhou Bai Cheng Investment Development Co. Ltd.</b>	<b>Market Value</b> <i>(RMB)</i>
<b><i>Total Assets</i></b>	<b>4,514,206,714</b>
Cash and equivalents	53,157,878
Prepayments	2,336,048
Other receivables	581,045,345
Inventories	3,854,000,000
Other Current Assets	405,834
Property, plant and equipment	68,501
Deferred tax assets	2,857,505
Other Non-Current Assets	20,335,603
<b><i>Total Liabilities</i></b>	<b>2,602,374,290</b>
Accrued payroll	19,906,672
Tax payables	65,282
Other payables and accrued charges	1,881,853,341
Deferred tax liabilities	658,206,034
Provisions	42,342,960
<b><i>Net asset (rounded to thousand)</i></b>	<b>1,911,832,000</b>
<b><i>98% Net asset (rounded to thousand)</i></b>	<b>1,873,596,000</b>

**LIMITING CONDITIONS**

This report and opinion of value are subject to our Limiting Conditions as attached.

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

**LIMITING CONDITIONS**

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties 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 reports were used as part of the Company's/engagement parties' analysis in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the subject property rests solely with the Company/engagement parties.
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 management and the Board of the Company/engagement parties have reviewed and agreed on the report 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 engagement letter/proposal 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 assets valued.

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/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties 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 their 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 engagement letter/or proposal as of the Valuation/Reference 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 party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. You agree 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 Company/engagement parties 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 the 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 Company/engagement parties and other sources. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.
  
17. The management or staff of the Company/engagement parties and/or its representatives have confirmed to us that the transaction or themselves or the parties involved in the pertained assets or transaction are independent to our firm and JLL in this valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independency in our work, the Company/engagement parties 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.

**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 and no important facts have been intentionally disregarded.
- 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 quantum of the value assessed, 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

**Queenie Q. Lu**  
Director

**Sherwood W.H. Tang**  
Analyst

*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 May 2021 of the property interest held by the Target Company.*



仲量聯行

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

11 August 2021

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 Bai Cheng Investment Development Co. Ltd. (廣州市佰城投資發展有限公司, 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 May 2021 (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 was 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, 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.

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 was 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. This 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.

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, this also includes that property interest which the State-owned Land Use Rights Grant Contracts have been signed, but the State-owned Land Use Rights Certificates/Real Estate Title Certificates (for land) have not been issued.

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 outgoings 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.

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 in July 2021 by Ms. Queenie Lu and Ms. Stella Huang. Ms. Queenie Lu is a Member of RICS, China Real Estate Appraiser and China Land Appraiser. She has more than 12 years' experience in the valuation of properties in the PRC. Ms. Stella Huang has about 1 year of 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).

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remains stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the property under frequent review.

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 27 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*

Property	Market value	Market value	The total
	in existing state as at the valuation date <i>RMB</i>	in existing state as at the valuation date <i>RMB</i>	market value in existing state as at the valuation date <i>RMB</i>
	Group I:	Group II:	
Xinghui Runjin Plaza located at the southern side of Gongye Road and the western side of Daganwei Haizhu District Guangzhou City Guangdong Province The PRC (星匯潤錦廣場)	2,012,000,000	1,842,000,000	3,854,000,000
<b>Total:</b>	<u>2,012,000,000</u>	<u>1,842,000,000</u>	<u>3,854,000,000</u>

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021 RMB
Xinghui Runjin Plaza located at the southern side of Gongye Road and the western side of Daganwei Haizhu District Guangzhou City Guangdong Province The PRC (星匯潤錦廣場)	<p>Xinghui Runjin Plaza is located at the southern side of Gongye Road and the western side of Daganwei, Haizhu District, Guangzhou City. It is well-served by public transportation with about 30 minutes' driving distance to Guangzhou South Railway Station and about 10 minutes' driving distance to Haizhu Coach Station. The locality of the property is a developed residential and industrial area served by various public facilities and convenient transportation network.</p> <p>Xinghui Runjin Plaza comprises a parcel of land with a site area of approximately 62,578 sq.m., which is being developed into a commercial development. Portions of Xinghui Runjin Plaza were under development (the "CIP") as at the valuation date and are scheduled to be completed in December 2023. The construction of the remaining portion of Xinghui Runjin Plaza (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 Target Company, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB2,258,000,000, of which approximately RMB783,700,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms of 40 years for commercial use and 50 years for composite use.</p>	As at the valuation date, portions of the property were under construction whilst the remaining portion of the property was bare land.	3,854,000,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract – No. 440105-2014-000002 dated 21 July 2014 and two Revision Contracts dated 29 January 2015 and 5 August 2016, the land use rights of a parcel of land with a site area of approximately 72,289 sq.m. were contracted to be granted to the Target Company and the land premium was RMB558,793,253. As advised by the Company and Target Company, approximately RMB207,000,000 of additional land premium for the development of the basement portion will have to be paid after the completion of the property.
- Pursuant to a Construction Land Planning Permit – Sui Guo Tu Jian Yong Zi (2014) No. 153, permission towards the planning of a parcel of land with a site area of approximately 72,289 sq.m. has been granted to the Target Company.
- Pursuant to a Real Estate Title Certificate – Yue (2015) Guang Zhou Shi Bu Dong Chan Quan No. 0040004, the land use rights of a parcel of land with a site area of approximately 72,289 sq.m. have been granted to Target Company for terms of 40 years for commercial use and 50 years for composite use.
- Pursuant to a Construction Work Design Plan Official Reply (關於送審建築工程設計方案的復函) – Sui Gui Hua Zi Yuan Ye Wu Han (2019) No. 12392 dated 26 September 2019, approval towards the planning of a parcel of land in seven portions with a total site area of approximately 62,578 sq.m. has been granted to the Target Company, which includes six commercial land portions of approximately 58,936 sq.m. with a planned gross floor area of approximately 554,096 sq.m. and a plot ratio accountable gross floor area of approximately 389,813 sq.m. and the remaining one substation land portion of approximately 3,642 sq.m. with a planned gross floor area of 3,170.35 sq.m.
- Pursuant to 5 Construction Work Planning Permits – Sui Gui Hua Zi Yuan Jian Zheng (2019) Nos. 6315 and 6594 and Sui Gui Hua Zi Yuan Jian Zheng (2020) Nos. 1067, 1217 and 1590 in favour of the Target Company, portions of Xinghui Runjin Plaza with a total gross floor area of approximately 235,851.20 sq.m. have been approved for construction. The respective total plot ratio accountable gross floor area is 176,863 sq.m.
- Pursuant to 4 Construction Work Commencement Permits – No. 440105202002240101, 440105202004130201, 440105202004160201 and 440105202006010101 in favour of the Target Company, permissions by the relevant local authority were given to commence the construction of portions of Xinghui Runjin Plaza with a total gross floor area of approximately 235,851.20 sq.m.
- According to the information provided by the Target Company, the planned gross floor area of the property is set out as below:

<b>Group</b>	<b>Usage</b>	<b>Planned Gross Floor Area (sq.m.)</b>	<b>Number of car parking space</b>
Group I – held under development by the Target Company	Retail	21,835.97	
	Apartment	167,749.63	
	Ancillary	6,266.10	
	Basement	39,999.50	1,186
	<b>Sub-total:</b>	<u>235,851.20</u>	<u>1,186</u>
Group II – held for future development by the Target Company	Shopping Mall	70,000.00	
	Retail	113,008.26	
	Apartment	12,957.55	
	Basement	81,148.00	1,776
	<b>Sub-total:</b>	<u>277,113.81</u>	<u>1,776</u>
	<b>Total:</b>	<u>512,965.01</u>	<u>2,962</u>

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 RMB5,867,000,000.
9. 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 identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB30,000 to RMB50,000 per sq.m. for retail units, RMB30,000 to RMB37,000 per sq.m. for apartment units and RMB210,000 to RMB300,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate for the property; and
  - b. For the land parcel of the property in Group I and Group II, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The selected comparables are commercial land parcels located in the area close to the subject property, which were transacted in 2021. The accommodation value of these comparable land sites ranges from RMB8,300 to RMB9,100 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characters between the comparable properties and the property to arrive at the assumed accommodation value for the property.
10. 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.
11. 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 Work Design Plan Official Reply                                | Yes     |
| d. Construction Land Planning Permit   | Yes     |
| e. Construction Work Planning Permit   | Portion |
| f. Construction Work Commencement Permit                                       | Portion |
| g. Pre-sale Permit   | No      |
| h. Construction Work Completion and Inspection Certificate/Table               | No      |
| i. Building Ownership Certificate/Real Estate Title Certificate (for building) | No      |

12. 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 May 2021 (RMB)</b>
Group I – held under development by the Target Company in the PRC	2,012,000,000
Group II – held for future development by the Target Company in the PRC	<u>1,842,000,000</u>
<b>Total:</b>	<u><u>3,854,000,000</u></u>

## 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

### (a) Interests of Directors/chief executive of the Company

As at 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 other associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“**Model Code**”) were as follows:

#### *Long positions in the shares and underlying shares*

Name of Director	Capacity in which interests are held	Number of Shares	% of the total number of issued Shares as at the Latest Practicable Date
Lin Zhaoyuan ( <i>Note 1</i> )	Beneficial owner/ Beneficiary of a trust	1,589,527	0.05
Lin Feng ( <i>Note 2</i> )	Beneficial owner/ Beneficiary of a trust/Spouse interest	1,920,954	0.06
Li Feng	Beneficial owner	34,580	0.00
Liu Yan	Beneficial owner	3,400	0.00
Yu Lup Fat Joseph	Beneficial owner	800,000	0.03
Lee Ka Lun	Beneficial owner	640,000	0.02
Lau Hon Chuen Ambrose	Beneficial owner	968,240	0.03

*Note 1:* Mr Lin Zhaoyuan is interested in 1,589,527 Shares, out of which 566,290 Shares are owned by him as beneficial owner, 1,023,237 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

*Note 2:* Mr Lin Feng is interested in 1,920,954 Shares, out of which 970,822 Shares are owned by him as beneficial owner, 930,132 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 20,000 Shares are held by his spouse.



*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 Latest Practicable Date, none of the directors 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 recorded in the register maintained by the Company Pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive (if any) of the Company, companies and/or persons (other than a Director or chief executive (if any) of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

*Long position in the shares and underlying shares*

Name of Director	Capacity in which interests are held	Number of Shares	% of the total number of issued Shares as at the Latest Practicable Date
GZYYX (Note 1)	Interests of controlled corporations	1,231,889,530 (Long position)	39.78
YXE	Interests of controlled corporations	1,231,889,530 (Long position)	39.78
Guangzhou Metro (Note 2)	Interests of controlled corporations	616,194,761 (Long position)	19.90

*Note 1:* Pursuant to the SFO as at Latest Practicable Date, GZYY was deemed to be interested in 1,231,889,530 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long Position in Shares
YXE	1,231,889,530
Superb Master Ltd. ( <i>Note i</i> )	80,397,924
Bosworth International Limited (“ <b>Bosworth</b> ”) ( <i>Note i</i> )	840,586,830
Novena Pacific Limited (“ <b>Novena</b> ”) ( <i>Note i</i> )	195,613,181
Morrison Pacific Limited (“ <b>Morrison</b> ”) ( <i>Note i</i> )	54,653,344
Greenwood Pacific Limited (“ <b>Greenwood</b> ”) ( <i>Note i</i> )	46,937,854
Goldstock International Limited (“ <b>Goldstock</b> ”) ( <i>Note i</i> )	12,183,626
Yue Xiu Finance Company Limited ( <i>Note i</i> )	1,516,771

(i) Superb Master Ltd., Bosworth, Novena, Morrison, Greenwood, Goldstock and Yue Xiu Finance Company Limited are wholly-owned by YXE.

*Note 2:* Pursuant to the SFO as at Latest Practicable Date, Guangzhou Metro was deemed to be interested in 616,194,761 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long Position in Shares
Guangzhou Metro Investment Finance (HK) Limited ( <i>Note i</i> )	616,194,761

(i) 616,194,761 Shares were held by Guangzhou Metro Investment Finance (HK) Limited, which was wholly-owned by Guangzhou Metro.

Save as disclosed herein, as at the Latest Practicable Date, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 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 2020, 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 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. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors were aware, there was no litigation or claim of material importance pending or threatened by or against the Company or any member of the Group.

**7. MATERIAL CONTRACTS OF THE GROUP**

During the two year immediately preceding Latest Practicable Date and up to and including the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by the Group and are or may be material:

- (1) the Equity Transfer Agreement;
- (2) the equity transfer agreement dated 31 May 2021 entered into between 廣州城建開發南沙房地產有限公司 (Guangzhou Construction & Development Nansha Property Co. Ltd.\*) (a 95.475% subsidiary of the Company) (as purchaser) and 廣州越秀明睿三號實業投資合夥企業(有限合夥) (Guangzhou Ming Rui No. 3 Business Investment Enterprise (Limited Partnership)\*) (as seller) for the acquisition of 90% equity interest in 廣州越璟房地產開發有限公司 (Guangzhou Yuejing Property Development Co. Ltd.\*) for a consideration of RMB2.621 billion;
- (3) the equity transfer agreement dated 23 November 2020 entered into between 廣州越秀物業發展有限公司 (Guangzhou Yuexiu Property Development Co., Ltd.\*) (a company which is an indirect wholly-owned subsidiary of the Company) (as purchaser) and 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.\*) (as seller) for the acquisition of 67.0% equity interest in 廣州地鐵環境工程有限公司 (Guangzhou Metro Environmental Engineering Co., Ltd.\*) and 67.0% indirect effective equity interest in 廣州地鐵物業管理有限責任公司 (Guangzhou Metro Property Management Co., Ltd.\*) for a consideration of RMB281.74 million (including tax payable of RMB5.0 million);

- (4) a set of agreements dated 22 November 2019 for the disposal of 100% equity interest in 佛山市南海區越秀地產有限公司 (Foshan Nanhai Yuexiu Property Company Limited\*) (“**Nanhai Yuexiu**”), namely,
- (a) the equity transfer agreement entered into among 廣州悅錦諮詢有限責任公司 (Guangzhou Yuejin Consultancy Limited Liability Company\*) (as purchaser) (“**Yuejin**”) and Extra Act Limited (a wholly-owned subsidiary of the Company) (as seller) (“**Extra Act**”) in relation to the transfer of 100% equity interest in Nanhai Yuexiu for a consideration of RMB355,361,000; and
  - (b) the loan arrangement agreement entered into among, Yuejin, Extra Act, Nanhai Yuexiu and 廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co., Ltd.) (“**GCCD**”) in relation to the refinancing of the loan amount owed by Nanhai Yuexiu to GCCD;
- (5) the master agreement dated 23 September 2019 entered into between the Company and Chong Hing Bank Limited (“**CHB**”) in relation to deposits of whatever duration and nature and any other bank balances maintained by the Group (or any member of the Group) with the CHB and its subsidiaries from time to time; and
- (6) a set of agreements dated 10 September 2019 for the acquisitions of a 51% interest in two new metro projects, namely,
- for the Luogang project:
    - (a) the equity transfer agreements entered into between 東緯有限公司 (Easyway Incorporation Limited) (a wholly-owned subsidiary of GZYX) (“**Easyway**”) (as seller) and 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 which is indirectly owned as to 95.48% by the Company) (“**Nansha**”) (as purchaser) for the acquisition of the entire equity interest in 廣州東越實業發展有限公司 (Guangzhou Dongyue Industrial Development Company Limited\*) (the “**Luogang Target Holding Company**”) (which holds the 51% equity interests in 廣州市品悅房地產開發有限公司 (Guangzhou City Pinyue Property Development Company Limited\*) (the “**Luogang Target Company**”) for a consideration of RMB71,642,000;
    - (b) the loan assignment agreements entered into among GZYX (as assignor), Nansha (as assignee) and Luogang Target Company (as debtor) in respect of:
      - (1) the interest bearing loan in the principal amount of RMB4,005,102,573 plus the accrued interest owed by Luogang Target Company to GZYX; and

- (2) the non-interest bearing loan owed by Luogang Target Company to GZYX in the principal amount of RMB85,707,785;
- (c) the loan assignment agreements entered into among GZYX (as assignor), Nansha (as assignee) and Luogang Target Holding Company (as debtor) in respect of:
  - (1) the interest bearing loan in the principal amount of RMB579,770,856 plus the accrued interest owed by Luogang Target Holding Company to GZYX; and
  - (2) the non-interest bearing loan owed by Luogang Target Holding Company to GZYX in the principal amount of RMB590,063;
- for the Chen Tougang project:
  - (a) the equity transfer agreements entered into between Easyway (as seller) and Nansha (as purchaser) for the acquisition of the entire equity interest in 廣州緯信實業發展有限公司 (Guangzhou Weixin Industrial Development Company Limited\*) (the “**Chen Tougang Target Holding Company**”) (which holds the 51% equity interests in 廣州市品薈房地產開發有限公司 (Guangzhou City Pinhui Property Development Company Limited\*) (“**Chen Tougang Target Company**”)) for a consideration of RMB56,403,000;
  - (b) the loan assignment agreements entered into among GZYX (as assignor), Nansha (as assignee) and Chen Tougang Target Company (as debtor) in respect of:
    - (1) the interest bearing loan in the principal amount of RMB3,248,026,800 plus the accrued interest owed by Chen Tougang Target Company to GZYX; and
    - (2) the non-interest bearing loan owed by Chen Tougang Target Company to GZYX in the principal amount of RMB70,596,771;
  - (c) the loan assignment agreements entered into among GZYX (as assignor), Nansha (as assignee) and Chen Tougang Target Holding Company (as debtor) in respect of: (1) the interest bearing loan in the principal amount of RMB540,279,789 plus the accrued interest owed by Chen Tougang Target Holding Company to GZYX; and (2) the non-interest bearing loan owed by Chen Tougang Target Holding Company to GZYX in the principal amount of RMB340,150.

**8. MATERIAL ADVERSE CHANGE**

The Directors confirm that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, 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.

**9. 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>
Jones Lang LaSalle	independent property valuer and independent valuer
Maxa Capital	a corporate licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, none of Jones Lang LaSalle or Maxa Capital 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 or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

Each of Jones Lang LaSalle and Maxa Capital 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.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (9:00 a.m. to 5:30 p.m.) from Monday to Friday (both days inclusive) at the registered office of the Company at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the GM.

- (a) the articles of association of the Company;
- (b) each of the material contracts referred to in the paragraph headed “Material contracts of the Group” in this Appendix II;
- (c) annual reports of the Company for the years ended 31 December 2018, 2019 and 2020, respectively;
- (d) the letter from the Board, the text of which is set out on pages 6 of this circular;
- (e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 16 of this circular;
- (f) 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 18 of this circular;
- (g) the valuation report from the Independent Valuer in respect of the valuation on the Target Company and the Project Land as set out in Appendix I of this circular;
- (h) the written consents referred to in the paragraph headed “Experts’ Qualifications and Consents” in this Appendix II; and
- (i) this circular.

**11. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Yu Tat Fung, a Solicitor of the High Court of Hong Kong.
- (b) The registered office of the Company is located at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.
- (c) The share registrar of the Company is Tricor Abacus Limited, which is located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The authorized representatives of the Company are Ms. Chen Jing, executive Director and Mr. Yu Tat Fung, company secretary.

(e) The auditor of the Company is PricewaterhouseCoopers, which is located at 22/F, Prince's Building, Central, Hong Kong.

(f) 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 “GM”) of Yuexiu Property Company Limited (the “Company”) will be held at 11:00 a.m. on Friday, 27 August 2021 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong 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 GM shall bear the same meaning as that defined in the shareholder circular dated 11 August 2021 (the “Circular”).

### ORDINARY RESOLUTION

**“THAT:**

- (a) the Equity Transfer Agreement 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 Equity Transfer Agreement be hereby approved, ratified and confirmed; and
- (b) any one Director be and is hereby authorized, for an 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 Equity Transfer Agreement 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, 11 August 2021

*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 GM 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the GM 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 GM 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 GM, 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 GM, 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 Wednesday, 25 August 2021 to Friday, 27 August 2021, 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 held on Friday, 27 August 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 24 August 2021.
- (7) In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the GM, the Company will implement certain precautionary measures at the GM. Please refer to the Circular for further details.