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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 6626)**

**CONTINUING CONNECTED TRANSACTIONS —**

- (1) 2023 GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT; AND**  
**(2) 2022 PROCUREMENT FRAMEWORK AGREEMENT;**

**PROPOSED CONTINUING CONNECTED TRANSACTIONS —**

- (3) 2022 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT; AND**  
**(4) 2023 BANK DEPOSITS AGREEMENT**

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



**SOMERLEY CAPITAL LIMITED**

**(1) CONTINUING CONNECTED TRANSACTION — 2023 GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to the GZ Metro Property Management and Related Services Framework Agreement.

As the GZ Metro Property Management and Related Services Framework Agreement is due to expire on 31 December 2022, on 22 November 2022, the Company entered into the 2023 GZ Metro Property Management and Related Services Framework Agreement with GZ Metro, pursuant to which the Group may provide, and GZ Metro and its associates may procure, the GZ Metro Property Management and Related Services for a term of three years commencing from 1 January 2023.

**(2) CONTINUING CONNECTED TRANSACTION — 2022  
PROCUREMENT FRAMEWORK AGREEMENT**

On 22 November 2022, the Company entered into the 2022 Procurement Framework Agreement with GZYG, pursuant to which the Group may procure, and GZYG and its associates may provide, the Procured Products for a term commencing on the effective date of the agreement and ending on 31 December 2024.

**(3) PROPOSED CONTINUING CONNECTED TRANSACTION — 2022  
PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES  
FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to (i) the Property Management Services Framework Agreement; (ii) the Commercial Operation and Management Services Framework Agreement; (iii) the Value-Added Services Framework Agreement; and (iv) the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement.

While the aforesaid framework agreements will expire on 31 December 2023, based on the business volume, service quality and capacity of the Group and the business needs, growth and operation development of GZYG, Yuexiu Property and their respective associates, the Board envisages that the existing annual caps for the transactions contemplated under the aforesaid framework agreements will no longer be sufficient to support the development need of the Group. Accordingly, on 22 November 2022, the Company entered into the 2022 Property Management and Value-Added Services Framework Agreement with GZYG and Yuexiu Property, pursuant to which the Group may provide, and GZYG, Yuexiu Property and their respective associates (including GZM & YXP JVs) may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement and ending on 31 December 2024. The 2022 Property Management and Value-Added Services Framework Agreement will supersede the Property Management Services Framework Agreement, the Commercial Operation and Management Services Framework Agreement, the Value-Added Services Framework Agreement and the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement from its effective date.

#### **(4) PROPOSED CONTINUING CONNECTED TRANSACTION — 2023 BANK DEPOSITS AGREEMENT**

Reference is made to the Prospectus in relation to the Bank Deposits Agreement.

As the Bank Deposits Agreement is due to expire on 31 December 2022, on 22 November 2022, the Company entered into the 2023 Bank Deposits Agreement with CHB for a term of three years commencing from 1 January 2023.

#### **LISTING RULES IMPLICATIONS**

As GZ Metro directly owns approximately 33.0% shareholding in GZMEE, an indirect subsidiary of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As (i) GZ Metro is a connected person of the Company at the subsidiary level; (ii) the Board has approved the 2023 GZ Metro Property Management and Related Services Framework Agreement and the transactions contemplated thereunder; and (iii) all the independent non-executive Directors have confirmed that the terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement are fair and reasonable, on normal commercial terms or better to the Company and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement are subject to the reporting, annual review and announcement requirements but exempt from Independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

As GZYZ and Yuexiu Property are controlling shareholders of the Company, each of them is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2022 Procurement Framework Agreement and the 2022 Property Management and Value-Added Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps under the 2022 Procurement Framework Agreement exceeds 0.1% but is less than 5.0%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps under the 2022 Property Management and Value-Added Services Framework Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As CHB is a subsidiary of YXE, a controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 Bank Deposits Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps under the 2023 Bank Deposits Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and their respective annual caps are subject to the approval by the Independent Shareholders at the General Meeting.

A circular containing, among other things, (i) a letter from the Board containing further information on the 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and the transactions thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the General Meeting together with the proxy form, will be despatched to the Shareholders on or before 13 December 2022.

**Since the 2022 Property Management and Value-Added Services Framework Agreement and the 2023 Bank Deposits Agreement are subject to, among others, the approval by the Independent Shareholders at the General Meeting, the transactions contemplated thereunder may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **(1) CONTINUING CONNECTED TRANSACTION — 2023 GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to the GZ Metro Property Management and Related Services Framework Agreement.

As the GZ Metro Property Management and Related Services Framework Agreement is due to expire on 31 December 2022, on 22 November 2022, the Company entered into the 2023 GZ Metro Property Management and Related Services Framework Agreement with GZ Metro, pursuant to which the Group may provide, and GZ Metro and its associates may procure, the GZ Metro Property Management and Related Services for a term of three years commencing from 1 January 2023.

### **Principal Terms**

The principal terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement are as follows:

Date: 22 November 2022

Parties: (a) the Company (as service provider); and  
(b) GZ Metro (as service user)

Conditions precedent: The 2023 GZ Metro Property Management and Related Services Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers for the entering into of the 2023 GZ Metro Property Management and Related Services Framework and the transactions contemplated thereunder (including the annual caps).

As at the date of this announcement, all conditions precedent have been fulfilled.

Term: The term of the 2023 GZ Metro Property Management and Related Services Framework Agreement shall commence on 1 January 2023 or such later date on which all conditions precedent are fulfilled and shall continue up to and including 31 December 2025.

Subject to compliance with the Listing Rules, the 2023 GZ Metro Property Management and Related Services Framework Agreement may be renewed by the Company and GZ Metro by agreement in writing.

Service scope: The services to be provided by the Group include: property management, greening, sanitary, ticketing and other value-added services for train stations, train depots, parking lots and other commercial properties owned, operated and used by GZ Metro and its associates (the “**GZ Metro Property Management and Related Services**”).

The parties shall enter into a separate agreement for detailed service scope, fees and payment terms subject to the needs of the various projects of GZ Metro or its associates as and when necessary.

Pricing policy: The service fees that the Group will charge for the GZ Metro Property Management and Related Services shall be determined on arm’s length basis between the parties with reference to (i) the location, type, quality and size of the properties; (ii) the scope and standard of services to be rendered; (iii) the anticipated operational cost (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) where applicable, the outcome of tendering processes; (v) the local government’s pricing guidance/regulations on property management fees in the PRC; and (vi) the rate generally offered by the Group to Independent Third Parties in respect of similar services.

Payment terms: Payment terms shall be determined by the parties with reference to those offered by the Group to Independent Third Parties in respect of similar services. Unless otherwise agreed by the parties on arm’s length basis in the separate agreement of the specific GZ Metro Property Management and Related Services, service fees shall be paid on a monthly or quarterly basis.

## Historical Transaction Amounts

The table below sets out the total amounts of service fees paid by GZ Metro and its associates to the Group for the GZ Metro Property Management and Related Services for the year/period indicated:

|                                | Year ended 31 December |           | Six months    |
|--------------------------------|------------------------|-----------|---------------|
|                                | 2020                   | 2021      | ended 30 June |
|                                | (audited)              | (audited) | (unaudited)   |
|                                | (RMB'000)              | (RMB'000) | (RMB'000)     |
| Historical transaction amounts | 22,500 <i>Note</i>     | 207,690   | 119,007       |

*Note:* After the Group's acquisition of GZMEE and GZMPM in November 2020, the Group recorded a revenue of approximately RMB18.7 million from the provision of services under the GZ Metro Property Management and Related Services Framework Agreement.

The Directors confirm that the transaction amounts from the Listing Date to the date of this announcement were within the annual caps under the GZ Metro Property Management and Related Services Framework Agreement.

## Annual Caps

The table below sets out the maximum annual service fees payable to the Group under the 2023 GZ Metro Property Management and Related Services Framework Agreement for the three years ending 31 December 2025:

|             | Year ending 31 December |           |           |
|-------------|-------------------------|-----------|-----------|
|             | 2023                    | 2024      | 2025      |
|             | (RMB'000)               | (RMB'000) | (RMB'000) |
| Annual caps | 335,219                 | 420,547   | 504,657   |

The annual caps under the 2023 GZ Metro Property Management and Related Services Framework Agreement were determined with reference to (i) the growth in historical transaction amount after the Group's acquisition of GZMEE and GZMPM; (ii) the related service agreements already entered into as of the date of this announcement; (iii) the unaudited related service fees generated from the GZ Metro Property Management and Related Services for the six months ended 30 June 2022; and (iv) the expected growth in business volume of GZ Metro and its associates taking into account of the government's planning of transportation network in the Guangzhou city and the Greater Bay Area for the three years ending 31 December 2025.

## **Reasons for and Benefits of Entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement**

Since the Group's acquisitions of GZMEE and GZMPM from GZ Metro in November 2020, the Group has tapped into the business of providing metro related property management service and gradually developed its unique transit-oriented development (“TOD”) property management model. Leveraging on the Group's previous cooperation experience with GZ Metro, the Company believes that the entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the annual caps thereunder will enable the Group to exploit the business potential of GZ Metro, further scale up the Group's TOD property management business and consolidate its capability in metro engineering maintenance and metro property management and operation.

GZ Metro, as a wholly state-owned company under the Guangzhou Municipal People's Government of the PRC, is fully committed to expanding and improving the transportation construction and network in the Greater Bay Area in view of the strategic deployment of the Guangzhou Municipal People's Government. According to the “Guangzhou Urban Rail Transit Network Planning Plan (《廣州市城市軌道交通線網規劃方案》)” (2018-2035) publicized by the Guangzhou Municipal Planning and Natural Resources Bureau in August 2022, Guangzhou city has planned a total of 53 rail transit lines, including five high-speed railways, 11 express subways, 37 general-speed subways, covering 2,029 kilometers in the city. According to “The National Development and Reform Commission's plan for the construction of intercity railways in the Greater Bay Area” (《粵港澳大灣區城際鐵路建設規劃》) approved by the National Development and Reform Commission in July 2020, 13 intercity railways and five hub engineering projects are planned to be constructed in the Greater Bay Area in the near future, with a total mileage of about 775 kilometers.

In light of the above, the Directors (other than the Director who has abstained from voting on the relevant Board resolutions of the Company) are of the view that (i) the terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement and the annual caps thereunder are fair and reasonable; (ii) the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group; and (iii) the entering into of the 2023 GZ Metro Property Management and Related Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.



## **Listing Rules Implications**

As at the date of this announcement, GZ Metro directly owns approximately 33.0% shareholding in GZMEE, an indirect subsidiary of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As (i) GZ Metro is a connected person of the Company at the subsidiary level; (ii) the Board has approved the 2023 GZ Metro Property Management and Related Services Framework Agreement and the transactions contemplated thereunder; and (iii) all the independent non-executive Directors have confirmed that the terms of the 2023 GZ Metro Property Management and Related Services Framework Agreement are fair and reasonable, on normal commercial terms or better to the Company and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the 2023 GZ Metro Property Management and Related Services Framework Agreement are subject to the reporting, annual review and announcement requirements but exempt from Independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

## **General**

Save for Mr. Yang Zhaoxuan, none of the Directors has or is deemed to have a material interest in the 2023 GZ Metro Property Management and Related Services Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Yang Zhaoxuan is required to abstain from voting on the relevant Board resolution(s) of the Company.

## **(2) CONTINUING CONNECTED TRANSACTION — 2022 PROCUREMENT FRAMEWORK AGREEMENT**

On 22 November 2022, the Company entered into the 2022 Procurement Framework Agreement with GZYZ, pursuant to which the Group may procure, and GZYZ and its associates may provide, the Procured Products for a term commencing on the effective date of the agreement and ending on 31 December 2024.

## Principal Terms

The principal terms of the 2022 Procurement Framework Agreement are as follows:

Date: 22 November 2022

Parties: (a) the Company (as purchaser); and  
(b) GZYZ (as seller).

Conditions precedent: The 2022 Procurement Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers for the entering into of the 2022 Procurement Framework Agreement and the transactions contemplated thereunder (including the annual caps).

As at the date of this announcement, all conditions precedent have been fulfilled.

Term: The term of the 2022 Procurement Framework Agreement shall commence on the date on which all conditions precedent are fulfilled and shall continue up to and including 31 December 2024.

Subject to compliance with the Listing Rules, the 2022 Procurement Framework Agreement may be renewed by the Company and GZYZ by agreement in writing.

Subject matter: The Group may procure from GZYZ and its associates certain products relating to the Group's services (the "**Procured Products**") including but not limited to dairy products, processed food and other products.

The parties shall enter into a separate agreement for detailed scope and standard, prices and payment terms subject to the needs of the specific Procured Products.

Pricing policy: The price of the Procured Products shall be determined after arm's length negotiations and in good faith between the parties and taking into account (i) the type, quantity and quality of the products to be procured; (ii) the anticipated costs for providing such products and the anticipated increase in the relevant costs due to inflation and economic and social development; (iii) the prevailing market rate generally offered by Independent Third Parties for similar products; and (iv) the fee quote offered by Independent Third Parties for the Procured Products.

Payment terms: Payment terms shall be determined by the parties with reference to those offered by independent suppliers in respect of similar products. Unless otherwise agreed by the parties after arm's length negotiation in the separate agreement of the specific Procured Products, payment shall be made on a monthly or quarterly basis.

### **Historical Transaction Amounts**

The Group has not purchased any Procured Products from GZYG or its associates from the Listing Date to the date of this announcement.

### **Annual Caps**

The table below sets out the maximum annual amount payable by the Group for the Procured Products for the three years ending 31 December 2024:

|             | <b>Year ending 31 December</b> |                  |                  |
|-------------|--------------------------------|------------------|------------------|
|             | <b>2022</b>                    | <b>2023</b>      | <b>2024</b>      |
|             | <i>(RMB'000)</i>               | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Annual caps | 3,633                          | 9,490            | 17,816           |

The annual caps under the 2022 Procurement Framework Agreement were determined with reference to (i) the estimated types and volume of the Procured Products which the Group may procure from GZYG and its associates based on the Group's historical procurement from Independent Third Parties of products of similar nature; (ii) the prevailing market price of the Procured Products; (iii) the expected demand of the Group for the Procured Products based on its business development plan to expand, among others, the "Enjoy Club" platform; and (iv) the expected increment in costs of similar products due to inflation.

### **Reasons for and Benefits of Entering into of the 2022 Procurement Framework Agreement**

GZYG and its subsidiaries are engaged in various businesses, including, among others, livestock breeding, dairy industry and food processing. By entering into of the Procurement Framework Agreement, the Group can leverage on the extensive resources within GZYG to offer better value-added services to its customers, for example, the Group can procure dairy products/processed food from GZYG to enrich its product offerings on its online shopping platform. The Directors believe that the Group's efficiency in procuring goods for its online shopping platform will also be improved.

In light of the above, the Directors (other than the Director who has abstained from voting on the relevant Board resolutions of the Company) consider that the terms of the 2022 Procurement Framework Agreement and the annual caps therefor are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2022 Procurement Framework Agreement is in the interest of the Company and the Shareholders as a whole.

### **Listing Rules Implications**

As at the date of this announcement, GZYG is a controlling shareholder of the Company and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2022 Procurement Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps under the 2022 Procurement Framework Agreement exceeds 0.1% but is less than 5.0%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **General**

Save for Mr. Yao Xiaosheng, none of the other Directors has or is deemed to have a material interest in the 2022 Procurement Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Yao Xiaosheng is required to abstain from voting on the relevant Board resolution(s) of the Company.

### **(3) PROPOSED CONTINUING CONNECTED TRANSACTION - 2022 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to (i) the Property Management Services Framework Agreement; (ii) the Commercial Operation and Management Services Framework Agreement; (iii) the Value-Added Services Framework Agreement; and (iv) the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement.

While the aforesaid framework agreements will expire on 31 December 2023, based on the business volume, service quality and capacity of the Group and the business needs, growth and operation development of GZYZ, Yuexiu Property and their respective associates, the Board envisages that the existing annual caps for the transactions contemplated under the aforesaid framework agreements will no longer be sufficient to support the development need of the Group. Accordingly, on 22 November 2022, the Company entered into the 2022 Property Management and Value-Added Services Framework Agreement with GZYZ and Yuexiu Property, pursuant to which the Group may provide, and GZYZ, Yuexiu Property and their respective associates (including GZM & YXP JVs) may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement and ending on 31 December 2024.

## Principal Terms

The principal terms of the 2022 Property Management and Value-Added Services Framework Agreement are as follows:

Date: 22 November 2022

Parties: (a) the Company (as service provider);  
(b) GZYX (as service user); and  
(c) Yuexiu Property (as service user)

Conditions precedent: The 2022 Property Management and Value-Added Services Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers for the entering into of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including but not limited to the approval by the Independent Shareholders of the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the General Meeting.

If the conditions precedent are not fulfilled on or before 31 March 2023 or such other date as the Company, GZYX and Yuexiu Property may agree in writing, the 2022 Property Management and Value-Added Services Framework Agreement shall terminate with immediate effect without liability on any party.

Term: The term of the 2022 Property Management and Value-Added Services Framework Agreement shall commence on the date on which all conditions precedent are fulfilled and shall continue up to and including 31 December 2024.

Subject to compliance with the Listing Rules, the 2022 Property Management and Value-Added Services Framework Agreement may be renewed by the Company, GZYX and Yuexiu Property by agreement in writing.

The 2022 Property Management and Value-Added Services Framework Agreement will supersede the Property Management Services Framework Agreement, the Commercial Operation and Management Services Framework Agreement, the Value-Added Services Framework Agreement and the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement from its effective date, being the date on which all conditions precedent are fulfilled.

Service scope:

The Group may provide property management services and value-added services (the “**Property Management and Value-Added Services**”) to properties owned, operated or used by GZYX, Yuexiu Property and their respective associates which include (i) property management services on non-commercial properties (the “**Property Management Services**”); (ii) commercial operation and management services on commercial properties, including but not limited to commercial property management services and carpark space management and operation services (the “**Commercial Operation and Management Services**”); (iii) value-added services including but not limited to non-property owner value-added services and community value-added services (the “**Value-added Services**”); and (iv) market positioning consultancy and tenant sourcing services on commercial properties, including but not limited to market research and positioning services, tenant sourcing, tenant management and rent collection services (the “**Market Positioning Consultancy and Tenant Sourcing Services**”).

The parties shall enter into a separate agreement for detailed service scope, fees and payment terms subject to the needs of various projects of GZYX, Yuexiu Property or their respective associates as and when necessary.

|                 |   |
|-----------------|---|
| Pricing policy: | The service fees that the Group will charge for the Property Management and Value-Added Services shall be determined after arm's length negotiations and in good faith between the parties with reference to (i) the location, type, quality and size of the properties; (ii) the scope and standard of the services to be provided; (iii) the anticipated operational cost (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) the local government's pricing guidance/regulations on fees in the PRC; (v) the rate generally offered by the Group to Independent Third Parties in respect of similar services; and (vi) the prevailing market rate generally offered by independent service providers in respect of similar services. |
| Payment terms:  | Payment terms shall be determined by the parties with reference to those offered by the Group to Independent Third Parties in respect of similar services. Unless otherwise agreed by the parties after arm's length negotiation in the separate agreement of the specific Property Management and Value-Added Services, service fees shall be paid on a monthly or quarterly basis.  |

### Historical Transaction Amounts

The table below sets out the total amounts of service fees paid to the Group by GZYYX, Yuexiu Property and their respective associates (including GZM & YXP JVs) for the Property Management and Value-Added Services for the year/period indicated:

|  | Year ended 31 December |                | Six months ended |
|--|------------------------|----------------|------------------|
|  | 2020                   | 2021           | 30 June          |
|  | (audited)              | (audited)      | (unaudited)      |
|  | (RMB'000)              | (RMB'000)      | (RMB'000)        |
| <b>Historical transaction amounts</b>                            |                        |                |                  |
| <b>for:</b>  |                        |                |                  |
| (i) Property Management Services                                 | 10,155                 | 11,394         | 7,612            |
| (ii) Commercial Operation and Management Services                | 12,295                 | 35,695         | 20,800           |
| (iii) Value-added Services                                       | 350,282                | 437,515        | 265,750          |
| (iv) Market Positioning Consultancy and Tenant Sourcing Services | 53,438                 | 110,538        | 74,166           |
| <b>Total</b>   | <b>426,170</b>         | <b>595,142</b> | <b>368,328</b>   |

Note: Certain amounts are subject to rounding adjustments.



The Directors confirm that the transaction amounts from the Listing Date to the date of this announcement are within the respective original annual caps under the (i) the Property Management Services Framework Agreement; (ii) the Commercial Operation and Management Services Framework Agreement; (iii) the Value-Added Services Framework Agreement; and (iv) the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement.

### Annual Caps

The table below sets out the maximum annual service fees payable to the Group under the 2022 Property Management and Value-Added Services Framework Agreement for the three years ending 31 December 2024:

|   | Year ending 31 December |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2022                    | 2023             | 2024             |
|   | (RMB'000)               | (RMB'000)        | (RMB'000)        |
| <b>Annual caps for:</b>   |                         |                  |                  |
| (i) Property Management Services                                  | 19,500                  | 60,081           | 79,420           |
| (ii) Commercial Operation and Management Services                 | 62,120                  | 195,371          | 213,923          |
| (iii) Value-added Services  | 630,340                 | 1,001,944        | 1,363,508        |
| (iv) Market Positioning, Consultancy and Tenant Sourcing Services | 166,379                 | 207,973          | 249,551          |
| <b>Total</b>  | <b>878,339</b>          | <b>1,465,369</b> | <b>1,906,402</b> |

The original annual caps for the years ending 31 December 2022 and 31 December 2023 under the (i) the Property Management Services Framework Agreement were RMB15,703,000 and RMB18,833,000; (ii) the Commercial Operation and Management Services Framework Agreement were RMB41,665,000 and RMB52,803,000; (iii) the Value-Added Services Framework Agreement were RMB569,599,000 and RMB711,999,000; and (iv) the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement were RMB166,379,000 and RMB207,973,000, respectively.

The annual caps for various services under the 2022 Property Management and Value-Added Services Framework Agreement were determined with reference to:

- (1) regarding the Property Management Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number, GFA under management and terms (including service fees) of existing projects/ service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Property Management Services for the six months ended 30 June 2022 of approximately RMB7.6 million; (iv) the high retention rates for

property management service contracts entered into with GZYZ, Yuexiu Property and their respective associates; (v) the expected increase in demand for the Group's Property Management Services with reference to the pipeline projects and related historical business achieved by GZYZ, Yuexiu Property and their respective associates; (vi) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group; and (vii) the contemplated Property Management Services to be provided to Yuexiu Transport, being indirectly owned, as at the date of this announcement, as to 44.2% by GZYZ, and therefore, an associate of GZYZ, for the three years ending 31 December 2024.

- (2) regarding the Commercial Operation and Management Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Commercial Operation and Management Services for the six months ended 30 June 2022 of approximately RMB20.8 million; (iv) the expected increase in demand for the Group's Commercial Operation and Management Services with reference to the pipeline projects and the related historical business achieved by GZYZ, Yuexiu Property and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group;
- (3) regarding the Value-Added Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number and terms (including service fees) of existing service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Value-added Services for the six months ended 30 June 2022 of approximately RMB265.8 million; (iv) the expected increase in demand for the Group's Value-Added services with reference to the pipeline projects and the related historical business achieved by GZYZ, Yuexiu Property and their respective associates; (v) the new service content to be provided by the Group, including delivery coordination service to property owners and the community renovation and refurbishment services to Yuexiu Property and its associates; and (vi) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group;

- (4) regarding the Market Positioning Consultancy and Tenant Sourcing Services, (i) the continuous growth trend in historical transaction amounts since 2020; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the date of this announcement; (iii) the unaudited related service fees generated from the Market Positioning Consultancy and Tenant Sourcing Services for the six months ended 30 June 2022 of approximately RMB74.2 million; (iv) the expected increase in demand for the Group's Market Positioning Consultancy and Tenant Sourcing Services with reference to the pipeline projects and the related historical business achieved by GZYY, Yuexiu Property and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group.

Among others, subject to the 2022 Property Management and Value-Added Services Framework Agreement becoming unconditional, it is expected that GZYY, Yuexiu Property and their respective associates may procure additional Property Management and Value-Added Services from the Group in view of their sales pipeline in December 2022, including without limitation (i) Property Management Services for non-commercial properties to be delivered; (ii) Commercial Operation and Management Services including renovation services for shopping malls and office units; and (iii) Value-added Services including sales office and display unit management, preliminary planning and design consultancy services and delivery coordination services, as well as carpark space sales assistance service. It is industry practice that more property projects are delivered by property developers in December of a year.

### **Reasons for and Benefits of Entering into of the 2022 Property Management and Value-Added Services Framework Agreement**

To streamline the management of future connected transactions in respect of the provision of Property Management and Value-Added Services by the Group to GZYY, Yuexiu Property and their respective associates, and taking into account the need to increase the annual caps for the Group to provide various Property Management and Value-Added Services as it taps into the business potential of different sectors within GZYY and Yuexiu Property and as further set out above, the Company has consolidated the Property Management Services Framework Agreement, the Commercial Operation and Management Services Framework Agreement, the Value-Added Services Framework Agreement and the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement into the 2022 Property Management and Value-Added Services Framework Agreement.

The groups of GZYG and Yuexiu Property have been growing steadily in terms of operation size. According to the publicly available information, for Yuexiu Property, the unaudited value of its aggregate contracted sales (including contracted sales by joint venture projects) for the period from January to October 2022 amounted to approximately RMB91,114 million, representing a period-on-period increase of approximately 11%. The Yuexiu Property group has newly acquired 16 land parcels in PRC with a total GFA of approximately 3.46 million sq.m. in the first half of 2022, and its total landbank was approximately 28.60 million sq.m. as of 30 June 2022. For GZYG, in addition to the growth in its property sector via Yuexiu Property and its subsidiaries, as of 31 December 2021, assets for its financial sector have exceeded RMB300 billion, toll mileage of its highways and bridges across the PRC has reached 960 kilometres and its food sector has been striving for the leading position in the food industry in the Greater Bay Area. All such developments brought continuous demand of the Group's Property Management and Value-added Services for properties such as offices, manufacturing plants and highways etc. As the Group has extended its service content provided to GZYG and Yuexiu Property, such as delivery coordination services, the entering into of the 2022 Property Management and Value-Added Service Framework Agreement will further solidify the Group's position as an integrated property management service provider while it strives to diversify its revenue stream and increase profitability.

In light of the above, the Directors (other than the Directors who have abstained from voting on the relevant Board resolutions of the Company) consider that the terms of the 2022 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2022 Property Management and Value-Added Services Framework Agreement is in the interest of the Company and the Shareholders as a whole, provided that the independent non-executive Directors' view is subject to the advice of the Independent Financial Adviser and the opinion of the Independent Board Committee which will be set forth in the circular to be despatched to the Shareholders.

## **Listing Rules Implications**

As at the date of this announcement, GZYS and Yuexiu Property are controlling shareholders of the Company and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2022 Property Management and Value-Added Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps under the 2022 Property Management and Value-Added Services Framework Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **General**

Save for Mr. Lin Feng, Mr. Zhang Jianguo and Mr. Yao Xiaosheng, none of the other Directors has or is deemed to have a material interest in the 2022 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Lin Feng, Mr. Zhang Jianguo and Mr. Yao Xiaosheng are required to abstain from voting on the relevant Board resolution(s) of the Company.

GCD China and its associates will abstain from voting at the General Meeting in respect of the proposed resolutions to approve the 2022 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2022 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder and would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

#### **(4) PROPOSED CONTINUING CONNECTED TRANSACTION — 2023 BANK DEPOSITS AGREEMENT**

Reference is made to the Prospectus in relation to the Bank Deposits Agreement.

As the Bank Deposits Agreement is due to expire on 31 December 2022, on 22 November 2022, the Company entered into the 2023 Bank Deposits Agreement with CHB to renew the Bank Deposits Agreement for a term of three years commencing from 1 January 2023.

##### **Principal Terms**

The principal terms of the 2023 Bank Deposits Agreement are as follows:

- Date: 22 November 2022
- Parties: (a) the Company; and  
(b) CHB.
- Conditions precedent: The 2023 Bank Deposits Agreement is conditional upon the following conditions being satisfied:
- (i) the 2023 YXP Bank Deposits Agreement becoming unconditional, including without limitation, Yuexiu Property having obtained the approval by its independent shareholders of the 2023 YXP Bank Deposits Agreement and the transactions contemplated thereunder (including the annual caps) at its general meeting;
  - (ii) the Company having obtained the necessary approvals or waivers for entering into of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder, including the approval by the Independent Shareholders of the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the annual caps) at the General Meeting; and
  - (iii) the Company having complied with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange as a condition to the 2023 Bank Deposits Agreement and the transactions contemplated thereunder, if any.

If the conditions precedent are not fulfilled on or before 31 March 2022 or such other date as the Company and CHB may agree in writing, the 2023 Bank Deposits Agreement shall terminate forthwith and no party shall be entitled to any rights or benefits or be subject to any obligations under or in respect of the 2023 Bank Deposits Agreement.

**Term:** Subject to the fulfillment or waiver of the conditions precedent, the term of the 2023 Bank Deposits Agreement shall commence from 1 January 2023 or the date on which all conditions precedent are fulfilled or waived (whichever is later) and shall continue up to and including 31 December 2025.

Subject to compliance with the Listing Rules, the 2023 Bank Deposits Agreement may be renewed by the Company and CHB by agreement in writing.

**Subject matter:** The Group may, in its ordinary and usual course of business, place and maintain bank deposits (the “**Bank Deposits**”) with the CHB Group on normal commercial terms from time to time during the term, and the placing and maintenance of any the Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers similar to the Group from time to time.

**Pricing policy:** The 2023 Bank Deposits Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on (i) in the case of deposits in Hong Kong, interest rates and other terms offered to the Group by or obtained by the Group from at least two other independent banks in Hong Kong; and (ii) in the case of deposits in the PRC, interest rates for deposits in the PRC set with reference to the standard interest rates published by the People’s Bank of China and interest rates and other terms offered to the Group by or obtained by the Group from at least two other independent banks in the PRC.

Standard Documentation, in such form acceptable to the CHB Group and the Group, may be executed in order to give effect to, or facilitate, the transactions.

In order to ensure that the interest rates and other terms of the Bank Deposits are on normal commercial terms and no less favourable to the Group, the Group will compare the quotations offered by the CHB Group with those of at least two other independent banks. It may also take into account factors, including (among others) quality of services, safety of deposits, bank reputation and cooperation history, in making decisions to place deposits with any banks.

### Historical Highest Daily Balance

The table below sets out the highest daily outstanding balance (including accrued interests) of the Bank Deposits actually placed by the Group with the CHB Group on any given day during each of the year/period indicated:

|  | Year ended 31 December |           | Six months<br>ended 30 June |
|--|------------------------|-----------|-----------------------------|
|  | 2020                   | 2021      | 2022                        |
|  | (audited)              | (audited) | (unaudited)                 |
|  | (RMB'000)              | (RMB'000) | (RMB'000)                   |
| Highest daily<br>outstanding balance of<br>the Bank Deposits | 15,624                 | 586,576   | 613,195                     |

The Directors confirm that the highest daily outstanding balance (including the accrued interests) of the Bank Deposits actually placed by the Group with the CHB Group from the Listing Date to the date of this announcement are within the highest daily outstanding balance under the Bank Deposits Agreement.

### Daily Cap for Future Balance

The table below sets out the highest daily outstanding balance (including accrued interests) of the Bank Deposits to be placed by the Group with the CHB Group on any given day for the three years ending 31 December 2025:

|  | Year ending 31 December |           |           |
|--|-------------------------|-----------|-----------|
|  | 2023                    | 2024      | 2025      |
|  | (RMB'000)               | (RMB'000) | (RMB'000) |
| Highest daily<br>outstanding balance of<br>the Bank Deposits | 2,293,500               | 2,522,850 | 2,775,135 |



The above annual caps under the 2023 Bank Deposits Agreement were determined with reference to (i) the historical highest daily outstanding balance of the Bank Deposits actually placed by the Group with the CHB Group on any given day since the Listing Date; (ii) the Group's cash and cash equivalents of approximately RMB4,149.6 million (unaudited) as of 30 June 2022; and (iii) the expected increase of total assets, and the level of cash and cash equivalents as well as charged deposits to be held or maintained by the Group from time to time as the scale of its business and operation continues to grow. The said highest daily outstanding balance would allow the Group to benefit more from a healthy competition amongst the CHB Group and the other banks. By way of illustration, the amounts of Bank Deposits required to be made by the Group would be particularly high when the Group receives proceeds from a major fund raising exercise (e.g. bond issue and issue of Shares) and when the Group is engaged in a significant acquisition or disposal.

### **Reasons for and Benefits of Entering into of the 2022 Bank Deposits Agreement**

The Group principally engaged in the provision of property management services and value-added services for non-commercial properties and commercial properties. It has to maintain deposits with banks, primarily in Hong Kong and the PRC, from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

CHB, as a reputable and long-established authorized institution in Hong Kong, is able to provide different banking and related financial services in support of the Group's business and treasury activities. The Company believes that it would be in the interest of the Group to engage the services of the CHB Group, being the placing of Bank Deposits with the CHB Group in this case, on a non-exclusive basis subject always to the Group's internal control procedures and the applicable annual caps.

In light of the above, the Directors consider that the terms of the 2023 Bank Deposits Agreement and the annual caps therefor are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2023 Bank Deposits Agreement is in the interest of the Company and the Shareholders as a whole, provided that the independent non-executive Directors' view is subject to the advice of the Independent Financial Adviser and the opinion of the Independent Board Committee which will be set forth in the circular to be despatched to the Shareholders.

## **Listing Rules Implications**

As at the date of this announcement, CHB is a subsidiary of YXE, a controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 Bank Deposits Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps under the 2023 Bank Deposits Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **General**

None of the Directors has or is deemed to have a material interest in the 2023 Bank Deposits Agreement and the transactions contemplated thereunder, including the annual caps. Hence, none of the Directors is required to abstain from voting on the relevant Board resolution(s) of the Company.

GCD China and its associates will abstain from voting at the General Meeting in respect of the proposed resolutions to approve the 2023 Bank Deposits Agreement and the annual caps thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2023 Bank Deposits Agreement and the annual caps thereunder and would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is an urban operation service provider in the PRC and a key market player offering integrated property management services in the Greater Bay Area. Its major businesses comprise (i) non-commercial property management and value-added services, which consist of property management services, value-added services to non-property owners and community value-added services; and (ii) commercial property management and operational services, which consist of commercial operation and management services and market positioning consultancy and tenant sourcing services.

## **GZYX**

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

## **Yuexiu Property**

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

## **GZ Metro**

GZ Metro is a wholly state-owned company under the Guangzhou Municipal People's Government of the PRC. Established in 1992, Guangzhou Metro is responsible for the financing, investment, construction, operation, property development and expansion of Guangzhou's urban rail transportation. GZ Metro directly owns approximately 33.0% shareholding in GZMEE, an indirect subsidiary of the Company.

## **CHB**

CHB is incorporated in Hong Kong with limited liability. CHB and its subsidiaries are principally engaged in provision of banking and related financial services. CHB is a subsidiary of YXE, a controlling shareholder of the Company.

## **INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS**

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

- (i) the account department of the Group will regularly monitor the continuing connected transactions contemplated under the New Framework Agreements to ensure that the proposed annual caps will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total contractual income or expenses to exceed the proposed annual caps for that financial year;
- (ii) the heads of the respective operational departments of the Group will supervise and monitor that the individual agreements are in line with the pricing policy and principal terms of the relevant framework agreements;
- (iii) the heads of the respective operational departments of the Group will conduct regular reviews to keep abreast of (i) the price level charged by the Group from independent customers for providing comparable services (where applicable); and (ii) the prevailing fee level in the market and the market conditions, for the purpose of considering if the price charged for, or payable for, a specific transaction is fair and reasonable and is in accordance with the pricing policy terms of the relevant framework agreements;
- (iv) the audit committee of the Board will meet at least twice a year to review the implementation of the above measures for the transactions contemplated under the relevant framework agreements and report to the Board;
- (v) the Company will provide information and supporting documents to its independent non-executive Directors and auditors for them to conduct annual review of the continuing connected transactions of the Group;
- (vi) the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the relevant framework agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole as required by the Listing Rules; and

(vii) the auditor of the Company will be engaged to report on the continuing connected transactions of the Group disclosed in the annual report in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor will issue a letter containing their conclusions in respect of the continuing connected transactions disclosed in the annual report in accordance with Rule 14A.56 of the Listing Rules. According to the letter, the auditor will express a conclusion whether anything has come to their attention that causes them to believe that the disclosed continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for the transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant framework agreement governing such transactions; and (iv) have exceeded the respective annual caps.

## **GENERAL**

The 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and their respective annual caps are subject to the approval by the Independent Shareholders at the General Meeting.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the continuing connected transactions under the 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and their respective annual caps are fair and reasonable, and whether the continuing connected transactions under such agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the General Meeting, after taking into account the recommendations of the Independent Financial Adviser. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, (i) a letter from the Board containing further information on the 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and the transactions thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the General Meeting together with the proxy form, will be despatched to the Shareholders on or before 13 December 2022.

Since the 2022 Property Management and Value-Added Services Framework Agreement and the 2023 Bank Deposits Agreement are subject to, among others, the approval by the Independent Shareholders at the General Meeting, the transactions contemplated thereunder may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

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

|   |  |
|---|--|
| <b>“2022 Procurement Framework Agreement”</b>                                       | the framework agreement entered into between the Company and GZYX on 22 November 2022 pursuant to which the Group may purchase from GZYX and its associates the Procured Products  |
| <b>“2022 Property Management and Value-Added Services Framework Agreement”</b>      | the framework agreement entered into among the Company, GZYX and Yuexiu Property on 22 November 2022 for the provision of Property Management and Value-Added Services by the Group to GZYX, Yuexiu Property and their respective associates |
| <b>“2023 Bank Deposits Agreement”</b>   | the framework agreement entered into between the Company and CHB on 22 November 2022 pursuant to which the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group                      |
| <b>“2023 GZ Metro Property Management and Related Services Framework Agreement”</b> | the framework agreement entered into between the Company and GZ Metro on 22 November 2022 for the provision of GZ Metro Property Management and Related Services by the Group to GZ Metro and its associates                                 |

|   |  |
|---|--|
| <b>“2023 YXP Bank Deposits Agreement”</b> | the framework agreement for bank deposits service entered into between Yuexiu Property and CHB on 3 November 2022, pursuant to which (i) Yuexiu Property and its subsidiaries (including the Group) may, in its ordinary and usual course of business, place and maintain bank deposits with the CHB Group on normal commercial terms from time to time during the term of such agreement. For the avoidance of doubt, the Bank Deposits to be placed by the Group with the CHB Group under the 2023 Bank Deposits Agreement will form part of the bank deposits of Yuexiu Property and its subsidiaries with the CHB Group under the 2023 YXP Bank Deposit Agreement. Please refer to the announcement of Yuexiu Property dated 3 November 2022 for further details |
| <b>“associates”</b>                       | has the meaning ascribed to it under the Listing Rules   |
| <b>“Bank Deposits”</b>                    | has the meaning given to it in the section headed “(4) Proposed Continuing Connected Transaction — 2022 Bank Deposits Agreement”   |
| <b>“Bank Deposits Agreement”</b>          | the framework agreement entered into between the Company and CHB pursuant to which the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the CHB Group for a term commencing from the Listing Date up to and including 31 December 2022, details of which are set out in the Prospectus   |
| <b>“Board”</b>                            | board of Directors   |
| <b>“CHB”</b>                              | Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability  |
| <b>“CHB Group”</b>                        | CHB and its subsidiaries   |
| <b>“Company”</b>                          | Yuexiu Services Group Limited (越秀服務集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6626)  |

|   |   |
|---|---|
| <b>“Commercial Operation and Management Services”</b>                     | has the meaning given to it in the section headed “(3) Proposed Continuing Connected Transaction — 2022 Property Management and Value-Added Services Framework Agreement”   |
| <b>“Commercial Operation and Management Services Framework Agreement”</b> | the framework agreement entered into among the Company, GZYX and Yuexiu Property on 7 June 2021 for the provision of commercial operation and management services on commercial properties by the Group to GZYX, Yuexiu Property and their respective associates for a term commencing from the Listing Date up to and including 31 December 2023, details of which are set out in the Prospectus |
| <b>“connected person(s)”</b>  | has the meaning ascribed to it under the Listing Rules  |
| <b>“controlling shareholder”</b>  | has the meaning ascribed to it under the Listing Rules  |
| <b>“Director(s)”</b>  | the director(s) of the Company  |
| <b>“GCCD”</b>   | Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司), a limited liability company established in the PRC and is indirectly owned as to 95% by GCD China and directly owned as to 5% by GCCD Group   |
| <b>“GCCD Group”</b>   | Guangzhou City Construction & Development Group Co., Ltd.* (廣州市城市建設開發集團有限公司) (previously known as Guangzhou City Construction & Development Holding Company* (廣州市城市建設開發總公司)), a limited liability company established in the PRC and is ultimately wholly owned by GZYX   |
| <b>“GCD China”</b>  | Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), a company with limited liability incorporated in the British Virgin Islands and is directly wholly owned by Yuexiu Property. GCD China is a controlling shareholder of the Company  |



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| <b>“General Meeting”</b>   | the general meeting of the Company to be convened to consider and, if thought fit, to approve the 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and transactions contemplated thereunder (including the proposed annual caps)  |
| <b>“Greater Bay Area”</b>  | Guangdong-Hong Kong-Macao Greater Bay Area   |
| <b>“GFA”</b>   | Gross floor area   |
| <b>“Group”</b>   | the Company and its subsidiaries   |
| <b>“GZ Metro”</b>  | Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司), a limited liability company established in the PRC and a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC   |
| <b>“GZ Metro Property Management and Related Services Framework Agreement”</b> | the framework agreement entered into among GZMEE, GZMPM and GZ Metro on 23 November 2020 for the provision of GZ Metro Property Management and Related Services by GZMEE and GZMPM to GZ Metro and its associates for a term commencing from 30 November 2020 up to and including 31 December 2022, details of which are set out in the Prospectus |
| <b>“GZ Metro Property Management and Related Services”</b>                     | has the meaning given to it in the section headed “(1) Continuing Connected Transaction — 2023 GZ Metro Property Management and Related Services Framework Agreement”  |
| <b>“GZMEE”</b>   | Guangzhou Metro Environmental Engineering Co., Ltd.* (廣州地鐵環境工程有限公司), a company established in the PRC with limited liability and is indirectly owned as to 67.0% by the Company and directly owned as to 33.0% by GZ Metro   |
| <b>“GZMPM”</b>   | Guangzhou Metro Property Management Co., Ltd.* (廣州地鐵物業管理有限責任公司), a company established in the PRC with limited liability and is directly wholly-owned by GZMEE   |

|  |   |
|--|---|
| <b>“GZM &amp; YXP JVs”</b>             | refers to the companies jointly held, directly or indirectly, by GZ Metro and Yuexiu Property and each of which is a non wholly-owned subsidiary of Yuexiu Property and held, directly or indirectly, as to 10% or more by GZ Metro (excluding any indirect interests in such subsidiary held through Yuexiu Property)  |
| <b>“GZYX”</b>                          | Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of Yuexiu Property and the Company   |
| <b>“HKFRS”</b>                         | Hong Kong Financial Reporting Standard(s) (including Hong Kong Accounting Standards and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants   |
| <b>“Hong Kong”</b>                     | the Hong Kong Special Administrative Region of the PRC  |
| <b>“Independent Board Committee”</b>   | the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Hung Shing Ming, Ms. Hui Lai Kwan and Mr. Chan Yuen Hang Kenneth  |
| <b>“Independent Financial Adviser”</b> | Somerley Capital Limited, a corporation licenced to carry out Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the 2022 Property Management and Value-Added Services Framework Agreement and the 2023 Bank Deposits Agreement |

|  |  |
|--|--|
| <b>“Independent Shareholders”</b>  | the Shareholders who are not prohibited from voting at the General Meeting in respect of the 2022 Property Management and Value-Added Services Framework Agreement, the 2023 Bank Deposits Agreement and the transactions contemplated thereunder (including the proposed annual caps)   |
| <b>“Independent Third Parties”</b>   | any entity or person who is not a connected person of the Company  |
| <b>“Listing Date”</b>  | 28 June 2021, being the date on which the shares of the Company were listed on the Stock Exchange  |
| <b>“Listing Rules”</b>   | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| <b>“Market Positioning Consultancy and Tenant Sourcing Services”</b>                     | has the meaning given to it in the section headed “(3) Proposed Continuing Connected Transaction — 2022 Property Management and Value-Added Services Framework Agreement”  |
| <b>“Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement”</b> | the framework agreement entered into among the Company, GZYX and Yuexiu Property on 7 June 2021 for the provision of market positioning consultancy and tenant sourcing services on commercial properties by the Group to GZYX, Yuexiu Property and their respective associates for a term commencing from the Listing Date up to and including 31 December 2023, details of which are set out in the Prospectus |
| <b>“New Framework Agreements”</b>  | collectively, the 2023 GZ Metro Property Management and Related Services Framework Agreement, the 2022 Procurement Framework Agreement, the 2022 Property Management and Value-Added Services Framework Agreement and the 2023 Bank Deposits Agreement   |
| <b>“PRC”</b>   | the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan   |

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|---|---|
| <b>“Procured Products”</b>                                | has the meaning given to it in the section headed “(2) Continuing Connected Transaction — 2022 Procurement Framework Agreement”   |
| <b>“Prospectus”</b>                                       | the prospectus of the Company dated 16 June 2021 in relation to its global offering   |
| <b>“Property Management and Value-Added Services”</b>     | has the meaning given to it in the section headed “(3) Proposed Continuing Connected Transaction — 2022 Property Management and Value-Added Services Framework Agreement”   |
| <b>“Property Management Services”</b>                     | has the meaning given to it in the section headed “(3) Proposed Continuing Connected Transaction — 2022 Property Management and Value-Added Services Framework Agreement”   |
| <b>“Property Management Services Framework Agreement”</b> | the framework agreement entered into among the Company, GZYX and Yuexiu Property on 7 June 2021 for the provision of property management services on non-commercial properties by the Group to GZYX, Yuexiu Property and their respective associates for a term commencing from the Listing Date up to and including 31 December 2023, details of which are set out in the Prospectus |
| <b>“RMB”</b>  | renminbi, the lawful currency of the PRC  |
| <b>“Shareholder(s)”</b>                                   | registered holders of the shares in the Company from time to time   |
| <b>“Standard Documentation”</b>                           | any standard documentation, as prescribed by the CHB Group in compliance with applicable legal and regulatory requirements and in accordance with usual banking practices in Hong Kong, applicable to the transactions contemplated under the 2023 Bank Deposits Agreement  |
| <b>“Stock Exchange”</b>                                   | The Stock Exchange of Hong Kong Limited   |
| <b>“Value-added Services”</b>                             | has the meaning given to it in the section headed “(3) Proposed Continuing Connected Transaction — 2022 Property Management and Value-Added Services Framework Agreement”   |

**“Value-Added Services  
Framework Agreement”**

the framework agreement entered into among the Company, GZYG and Yuexiu Property on 7 June 2021 for the provision of value-added services by the Group to GZYG, Yuexiu Property and their respective associates for a term commencing from the Listing Date up to and including 31 December 2023, details of which are set out in the Prospectus

**“Yuexiu Property”**

Yuexiu Property Company Limited (越秀地產股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00123) and a controlling shareholder of the Company

**“Yuexiu Transport”**

Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01052)

**“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 and a wholly-owned subsidiary of GZYG

**“%”**

per cent.

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

Hong Kong, 23 November 2022

*As at the date of this announcement, the Executive Directors are Mr. Zhang Jianguo, Mr. Mao Liangmin and Mr. Zhang Jin; the Non-executive Directors are Mr. Lin Feng, Mr. Yao Xiaosheng and Mr. Yang Zhaoxuan; and the Independent Non-executive Directors are Mr. Hung Shing Ming, Ms. Hui Lai Kwan and Mr. Chan Yuen Hang Kenneth.*

\* For identification purpose only