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(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

CONNECTED TRANSACTIONS PROPERTY LEASES

On 18 December 2023, certain wholly-owned subsidiaries of the Company (i.e., the Lessees), entered into the Lease Agreements with certain subsidiaries of Yuexiu REIT (i.e., the Lessors), respectively, pursuant to which the Lessors have agreed to lease properties (including carparks and office units) to the Lessees.

In accordance with HKFRS 16 “Leases”, the Group shall recognize the lease of the properties under the Lease Agreements as right-of-use asset in its consolidated balance sheet. Accordingly, the transactions contemplated under the Lease Agreements will be regarded as an acquisition of right-of-use asset by the Group for the purpose of the Listing Rules.

As Yuexiu Property is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. As at the date of this announcement, Yuexiu Property owns approximately 37.61% of Yuexiu REIT’s units, and therefore Yuexiu REIT is an associate of a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreements entered into by the Group with certain subsidiaries of Yuexiu REIT will constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Given the Lease Agreements involve the leasing of properties by the Group with parties who are connected with one another, are similar in nature or otherwise connected, they are required to be aggregated as if they were one transaction. As the highest applicable percentage ratio in respect of the transactions contemplated under the Lease Agreements (including the revenue ratio after taking into account the preliminary estimated revenue which may be generated from subleasing the carparks under the relevant Lease Agreements) exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

I LEASE AGREEMENTS

On 18 December 2023, certain wholly-owned subsidiaries of the Company (i.e., the Lessees), entered into the Lease Agreements with certain subsidiaries of Yuexiu REIT (i.e., the Lessors), respectively, pursuant to which the Lessors have agreed to lease properties (including carparks and office units) to the Lessees.

The principal terms of each of the Lease Agreements are as follows:

A. Lease Agreement I

Date	18 December 2023
Parties	(i) Shanghai Hongjia, as lessor (ii) Yuexiu Yicheng (Shanghai), as lessee
Property	No. 388 Fushan Road, Pudong New Area, Shanghai, the PRC (中國上海市浦東新區福山路388號) with a gross floor area of 13,502.58 sq.m. (including 300 car-parking spaces thereof)
Term	1 January 2024 to 31 December 2026 (both days inclusive). The term is not automatically renewable. The parties shall negotiate with each other two months prior to the expiration of the initial lease term to renew the lease.
Usage	Carpark
Rent	The monthly rent payable (inclusive of tax) is RMB150,000. The total rent payable under the Lease Agreement I, inclusive of value-added tax, is approximately RMB5,400,000.
Payment Terms	The lessee is required to pay one month of rent and an amount equivalent to one month of rent as deposit upon the signing of the Lease Agreement I. The remaining rental payments shall be paid before the 15th day of the second month of each quarter. Payment of the above rent will be funded by the Group's internal resources.
Other Terms and Conditions	The lessee shall be responsible for all the expenses incurred from its actual operation of the business.

B. Lease Agreement II

Date	18 December 2023
Parties	(i) Full Estate Investment Limited (福達地產投資有限公司), as lessor (ii) Yuexiu Yicheng, as lessee
Property	B1/F, B2/F, Chengjian Building, No. 185-189 Tiyu West Road, Tianhe District, Guangzhou, the PRC (中國廣州市天河區體育西路185-189號城建大廈地下負一、負二層) with a gross floor area of 2,104.25 sq.m. (including 179 car-parking spaces thereof)
Term	19 December 2023 to 18 December 2026 (both days inclusive) The term is not automatically renewable. The parties shall negotiate with each other two months prior to the expiration of the initial lease term to renew the lease.
Usage	Carpark

Rent	Period	Rent (inclusive of value-added tax) (RMB)
	19 December 2023 to 31 December 2023	139,033.86
	Each month from 1 January 2024 to 30 November 2026	331,542.03
	1 December 2026 to 18 December 2026	192,508.17

The total rent payable under the Lease Agreement II, inclusive of value-added tax, is approximately RMB11,935,513.08.

Payment of the above rent will be funded by the Group's internal resources.

Payment Terms	The lessee is required to pay the rent for the period from 19 December 2023 to 31 March 2024 (i.e., RMB1,133,659.95) before 31 March 2024. The remaining rental payments shall be paid before the 15th day of the second month of each quarter.
Other Terms and Conditions	The lessee shall be responsible for all the expenses incurred from its actual operation of the business.

C. Lease Agreement III

Date	18 December 2023	
Parties	(i) Moon King Limited, as lessor (ii) Yuexiu Yicheng, as lessee	
Property	B1/F, B2/F, No. 114-118 Tiyu East Road, Tianhe District, Guangzhou, the PRC (中國廣州市天河區體育東路114-118號負一、負二層) with a gross floor area of 1,408.29 sq.m. (including 110 car-parking spaces thereof)	
Term	19 December 2023 to 18 December 2026 (both days inclusive) The term is not automatically renewable. The parties shall negotiate with each other two months prior to the expiration of the initial lease term to renew the lease.	
Usage	Carpark	
Rent	Period	Rent (inclusive of value-added tax) (RMB)
	19 December 2023 to 31 December 2023	89,515.16
	Each month from 1 January 2024 to 30 November 2026	213,459.06
	1 December 2026 to 18 December 2026	123,943.90

The total rent payable under the Lease Agreement III, inclusive of value-added tax, is approximately RMB7,684,526.16. Payment of the above rent will be funded by the Group's internal resources.

Payment Terms

The lessee is required to pay the rent for the period from 19 December 2023 to 31 March 2024 (i.e., RMB729,892.34) before 31 March 2024. The remaining rental payments shall be paid before the 15th day of the second month of each quarter.

Other Terms and Conditions

The lessee shall be responsible for all the expenses incurred from its actual operation of the business.

D. Lease Agreement IV

Date

18 December 2023

Parties

(i) Jingyao Property Development, as lessor

(ii) Yuexiu Property Development, as lessee

Property

Room 4301, Room 4401 self-contained unit 13, Room 4401 self-contained unit 14, Room 4401 self-contained unit 15, Room 4401 self-contained unit 16, Yuexiu Finance Building, 28 Zhujiang East Road, Tianhe District, Guangzhou, the PRC (中國廣州市天河區珠江東路28號越秀金融大廈4301房、4401房自編13單元、4401房自編14單元、4401房自編15單元、4401房自編16單元) with a gross floor area of 3,985.50 sq.m.

Term

31 December 2023 to 30 December 2026 (both days inclusive) The term is not automatically renewable. The lessee shall negotiate with each other 180 days prior to the expiration of the initial lease term to renew the lease.

Usage

Office space

Rent	Period	Rental (inclusive of value-added tax) (RMB)
	31 December 2023 to 31 December 2023	29,565.90
	1 January 2024 to 29 February 2024	916,663.65
	Each month from 1 March 2024 to 31 December 2024	916,663.65
	1 January 2025 to 28 February 2025	916,663.65
	Each month from 1 March 2025 to 31 December 2025	916,663.65
	1 January 2026 to 28 February 2026	916,663.65
	Each month from 1 March 2026 to 30 November 2026	916,663.65
	1 December 2026 to 30 December 2026	887,097.75

The total rent payable under the Lease Agreement IV, inclusive of value-added tax, is approximately RMB30,249,900.45.

Payment terms

The lessee is required to pay the rent for the period from 31 December 2023 to 29 February 2024 (i.e., RMB946,229.55) and a rental deposit of RMB2,749,990.95 before the delivery of the leased property. The remaining rental payments shall be paid before the 5th day of each month.

Other terms and conditions

The lessee shall be responsible for the property management fees.

II VALUE OF THE RIGHT-OF-USE ASSET

The value of the right-of-use asset to be recognized by the Group in respect of the lease of the properties under the Lease Agreements is approximately RMB48,509,621, calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreements in accordance with HKFRS 16. The discount rate of approximately 4.75% is applied to compute the present value of the aggregate lease payments under the Lease Agreements.

III INFORMATION OF THE PARTIES

The Company and the Group

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06626). The Group is an urban operation service provider in China 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.

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 Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), 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 deep cultivation of the Greater Bay Area market, and focusing on expanding their business in Eastern China, Central China, Northern China and Western China.

Yuexiu REIT

Yuexiu REIT is a real estate investment trust authorised by the SFC. It is principally engaged in the business of rental commercial properties in the PRC with the primary objective of generating long-term and steady distributions to its

unitholders through actively managing its assets and expanding its operations. Its current portfolio consists of six commercial properties located in Guangzhou, one commercial property located in Shanghai, one commercial property located in Wuhan and one commercial property located in Hangzhou.

Shanghai Hongjia

Shanghai Hongjia is a company established in the PRC with limited liability and is indirectly wholly-owned by Yuexiu REIT. Shanghai Hongjia is principally engaged in leasing of commercial properties in the PRC.

Full Estate Investment Limited

Full Estate Investment Limited is a company established in the British Virgin Islands with limited liability and is indirectly wholly-owned by Yuexiu REIT. Full Estate Investment Limited is principally engaged in leasing of commercial properties in the PRC.

Moon King Limited

Moon King Limited is a company established in the British Virgin Islands with limited liability and is indirectly wholly-owned by Yuexiu REIT. Moon King Limited is principally engaged in leasing of commercial properties in the PRC.

Yuexiu Yicheng and Yuexiu Yicheng (Shanghai)

Yuexiu Yicheng is a company established in the PRC with limited liability and is indirectly wholly-owned by the Company. Yuexiu Yicheng is principally engaged in property management in the PRC. Yuexiu Yicheng (Shanghai) is a branch of Yuexiu Yicheng which is located in Shanghai.

Jingyao Property Development

Jingyao Property Development is a company established in the PRC with limited liability and is indirectly wholly-owned by Yuexiu REIT. Jingyao Property Development is principally engaged in leasing of commercial properties in the PRC.

Yuexiu Property Development

Yuexiu Property Development is a company established in the PRC with limited liability and is indirectly wholly-owned by the Company. Yuexiu Property Development is principally engaged in property management in the PRC.

IV REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LEASE AGREEMENTS

The Group is of the view that the demand of car parking spaces in the relevant locations under the Lease Agreement I, the Lease Agreement II and the Lease Agreement III is reviving after COVID-19 pandemic. Accordingly, the Lease Agreement I, the Lease Agreement II and the Lease Agreement III will continue to enable the Group to sublease certain carparking space to generate lease income which will generate better returns to the Shareholders. As these leased carparks are located in the projects under the Group's management, the Group can continue to leverage relevant manpower and resources to manage and operate such carparks and the sub-leasing business of certain carparking spaces of the leased carparks. In addition, the Lease Agreement IV will provide office premises for staff's daily workspace and normal business operations which are necessary for the Group to meet its commercial and operational needs.

The terms of the Lease Agreements were negotiated and agreed by the parties on an arm's length basis and were on normal commercial terms. The rent under each of the Lease Agreements was agreed by the parties having considered, among others, a fair rent letter issued by an independent professional valuer opining on the reasonableness of the rents under the Lease Agreements, the location, type, quality and size of the leased properties, historical rentals and a specific cost per square metre taking into account the prevailing market rent of other premises within proximity with conditions comparable to those of the leased properties and the historical transaction amounts.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Lease Agreements are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the entering into of the Lease Agreements is in the interest of the Company and the Shareholders as a whole.

V LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group shall recognize the lease of the properties under the Lease Agreements as right-of-use asset in its consolidated balance sheet. Accordingly, the transactions contemplated under the Lease Agreements will be regarded as an acquisition of right-of-use asset by the Group for the purpose of the Listing Rules.

As Yuexiu Property is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. As at the date of this announcement, Yuexiu Property owns approximately 37.61% of Yuexiu REIT's

units, and therefore Yuexiu REIT is an associate of a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreements entered into by the Group with certain subsidiaries of Yuexiu REIT will constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Given the Lease Agreements involve the leasing of properties by the Group with parties who are connected with one another, are similar in nature or otherwise connected, they are required to be aggregated as if they were one transaction. As the highest applicable percentage ratio in respect of the transactions contemplated under the Lease Agreements (including the revenue ratio after taking into account the preliminary estimated revenue which may be generated from subleasing the carparks under the relevant Lease Agreements) exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

None of the other Directors has or is deemed to have a material interest in the Lease Agreements and the transactions contemplated thereunder.

VI DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HKFRS”	Hong Kong Financial Reporting Standard(s) (including Hong Kong Accounting Standards and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lessees”	Yuexiu Yicheng, Yuexiu Yicheng (Shanghai) and Yuexiu Property Development
“Independent Third Parties”	any entity or person who is not a connected person of the Company
“Jingyao Property Development”	Guangzhou Jingyao Property Development Co., Ltd. * (廣州景耀置業有限公司), a limited liability company established in the PRC and indirectly wholly-owned by Yuexiu REIT
“Lease Agreement I”	the lease agreement dated 18 December 2023 entered into between Shanghai Hongjia and Yuexiu Yicheng (Shanghai) in relation to the lease of carparks for a term from 1 January 2024 to 31 December 2026
“Lease Agreement II”	the lease agreement dated 18 December 2023 entered into between Full Estate Investment Limited and Yuexiu Yicheng in relation to the lease of carparks for a term from 19 December 2023 to 18 December 2026
“Lease Agreement III”	the lease agreement dated 18 December 2023 entered into between Moon King Limited and Yuexiu Yicheng in relation to the lease of carparks for a term from 19 December 2023 to 18 December 2026
“Lease Agreement IV”	the lease agreement dated 18 December 2023 entered into between Jingyao Property Development and Yuexiu Property Development in relation to the lease of office spaces for a term from 31 December 2023 to 30 December 2026
“Lessors”	Shanghai Hongjia, Full Estate Investment Limited, Moon King Limited, Jingyao Property Development

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Lease Agreements”	Lease Agreement I, Lease Agreement II, Lease Agreement III and Lease Agreement IV
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Hongjia”	Shanghai Hongjia Real Estate Development Co., Ltd.* (上海宏嘉房地產開發有限公司), a limited liability company established in the PRC and indirectly wholly-owned by Yuexiu REIT
“Shareholder(s)”	the shareholder(s) of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“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 the controlling shareholder of the Company
“Yuexiu Property Development”	Guangzhou Yuexiu Property Development Co., Ltd.* (廣州越秀物業發展有限公司), a limited liability company established in the PRC and indirectly wholly-owned by the Company

“Yuexiu REIT”	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time (whose units are listed on the Main Board of the Stock Exchange) and shall, as the context requires, include the companies controlled by it
“Yuexiu Yicheng”	Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd.* (廣州越秀怡城商業運營管理有限公司), a limited liability company established in the PRC and indirectly wholly-owned by the Company
“Yuexiu Yicheng (Shanghai)”	Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. Shanghai Branch* (廣州越秀怡城商業運營管理有限公司上海分公司), a limited liability company established in the PRC and indirectly wholly-owned by the Company
“%”	per cent

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

Hong Kong, 18 December 2023

As at the date of this announcement, the Executive Directors are Mr. Zhang Jianguo, Mr. Zhang Chenghao 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. Leung Yiu Man.

* *For identification purpose only*