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## **1. CONNECTED TRANSACTION IN RELATION TO INVESTMENT IN A SUBSIDIARY BY GUANGZHOU METRO INVESTMENT FINANCE (HK) LIMITED**

### **2. INSIDE INFORMATION**

The Company is pleased to announce that, on 8 February 2021, the Company, GCD China (a wholly-owned subsidiary of the Company), Yuexiu Services (a wholly-owned subsidiary of the Company) and the Subscriber entered into an Investment Agreement, pursuant to which the Subscriber agreed to subscribe, and Yuexiu Services agreed to issue and allot, 90,359,677 ordinary shares in Yuexiu Services at a Subscription Amount of RMB330.0 million.

This announcement is also made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

#### **LISTING RULES IMPLICATIONS**

The Investment constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. The Subscriber is a substantial shareholder of the Company and is a connected person of the Company. As such, the Investment constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Investment exceeds 0.1% but is less than 5%, the Investment is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

## **THE INVESTMENT AGREEMENT**

The principal terms of the Investment Agreement are set out below:–

### **Date**

8 February 2021

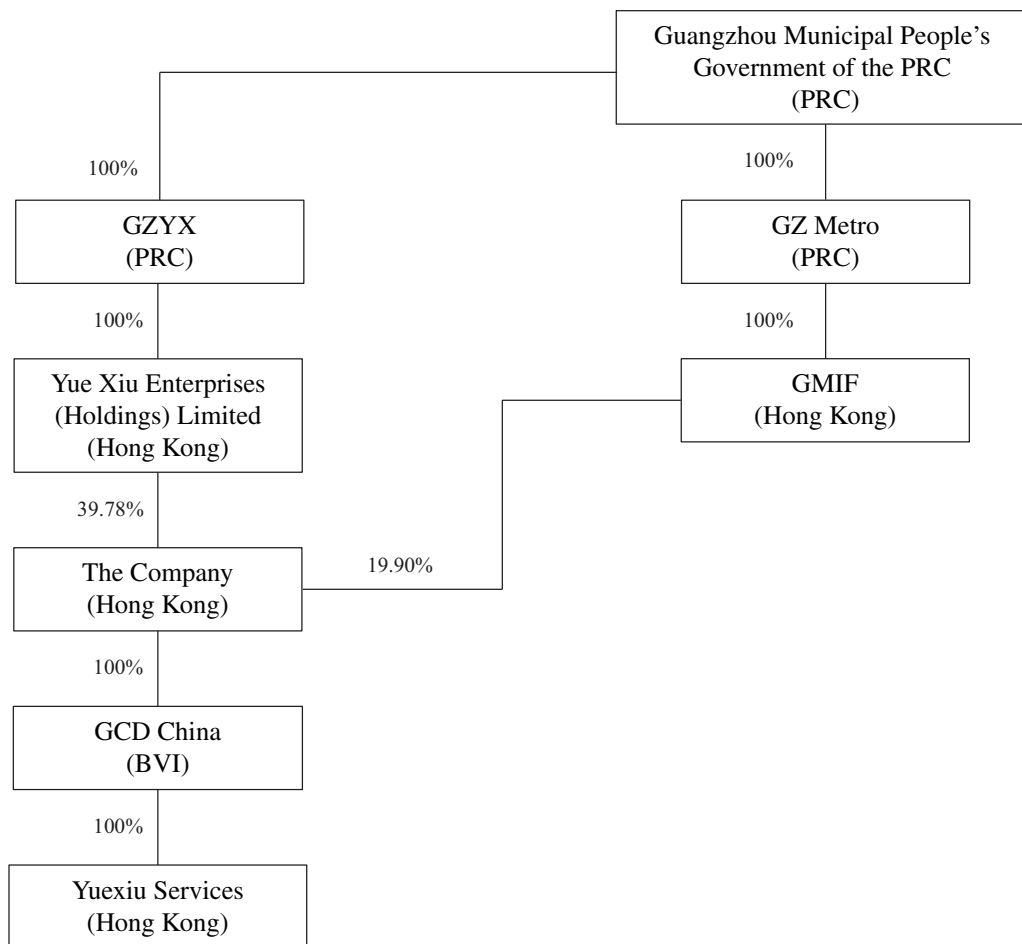
### **Parties**

- (i) The Company (as the controlling shareholder (as defined under the Listing Rules) of Yuexiu Services);
- (ii) GCD China (as the controlling shareholder (as defined under the Listing Rules) of Yuexiu Services);
- (iii) Yuexiu Services (as the target company); and
- (iv) GMIF (as the Subscriber).

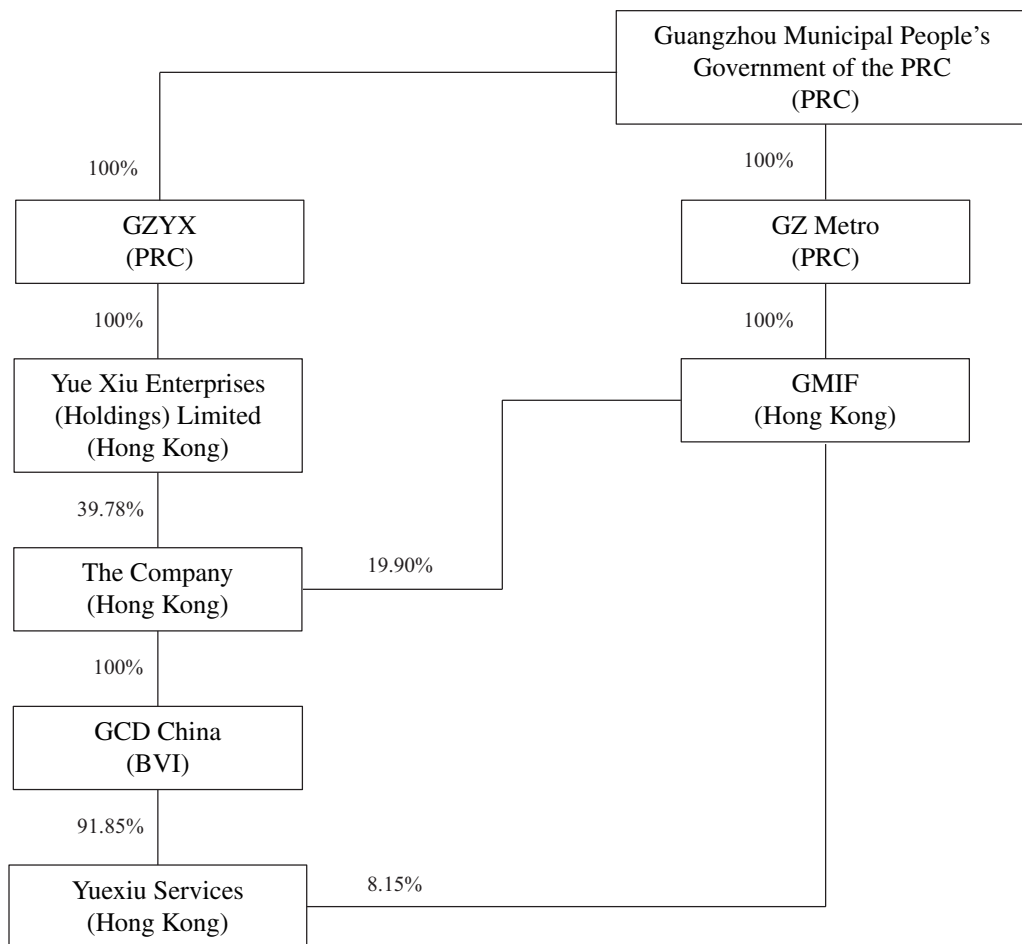
### **Subject matter**

Pursuant to the Investment Agreement, the Subscriber agreed to subscribe, and Yuexiu Services agreed to issue and allot, 90,359,677 ordinary shares in Yuexiu Services at a Subscription Amount of RMB330.0 million.

The chart below illustrates the simplified shareholding structure of the Company, GCD China, Yuexiu Services and the Subscriber immediately prior to the Investment:



The chart below illustrates the simplified shareholding structure of the Company, GCD China, Yuexiu Services and the Subscriber immediately after the Investment:



**Consideration and payment terms**

The Subscription Amount of RMB330.0 million shall be payable in full by the Subscriber to a designated account of Yuexiu Services within two business days after the entering into of the Investment Agreement.

Yuexiu Services shall, within three business days after the payment of the Subscription Amount by the Subscriber, update its register of members and issue a share certificate to the Subscriber.

Upon completion of the Investment, Yuexiu Services will be directly owned as to approximately 91.85% by GCD China, and approximately 8.15% by the Subscriber.

**Termination**

The Subscriber shall not be entitled to terminate the Investment Agreement if there has been no fault on the part of the Company, GCD China or Yuexiu Services.

## **Appointment of director**

The Subscriber shall have the right to nominate one director to the board of directors of Yuexiu Services. GCD China shall exercise its voting rights in Yuexiu Services to ensure the director so nominated by the Subscriber above be appointed as a director of the board of directors of Yuexiu Services within three business days after the receipt of the Subscription Amount. Such right shall terminate upon completion of the IPO of Yuexiu Services.

## **Restriction on transfer**

Prior to the completion of the IPO or before 31 December 2021 (whichever is earlier), unless with the prior consent of GCD China following negotiations between the parties, the Subscriber shall not (i) transfer the Subscription Shares (or part of them) to any current shareholder of Yuexiu Services, connected persons of the Subscriber or any other third parties; (ii) create a charge, mortgage, pledge or other third-party interests over the Subscription Shares (or part of them); or (iii) directly or indirectly transfer the Subscription Shares (or part of them) using any other methods.

Shall the IPO of Yuexiu Services not complete before 31 December 2021, GCD China and the Subscriber shall negotiate an exit mechanism for the Subscriber in accordance with applicable laws and regulations.

## **Lock-up undertaking**

The Subscriber has undertaken not to dispose of or enter into any agreement to dispose of the Subscription Shares to any person within one year after the completion of the IPO of Yuexiu Services. In the period of 12 months following the expiry of the above one-year period, on the condition of compliance with applicable laws and regulations and the articles of association of Yuexiu Services, the Subscriber shall not dispose of or enter into any agreement to dispose of the Subscription Shares unless the prior consent from GCD China has been obtained.

GCD China shall have a first right of refusal with respect to any disposal of the Subscription Shares by the Subscriber.

## **BASIS OF DETERMINATION OF THE SUBSCRIPTION AMOUNT**

The Subscription Amount of RMB330.0 million was arrived at after arm's length negotiations between Yuexiu Services and the Subscriber on normal commercial terms after having taken into consideration various factors, including the appraised value of Yuexiu Services and its subsidiaries of approximately RMB3,784.6 million as at 1 December 2020 as valued by an independent valuer based on market approach.

## **INFORMATION OF THE COMPANY**

The Company is principally engaged in property development and investment, focusing on property development in the Guangdong-Hong Kong-Macau Greater Bay Area, Eastern China Region, Central China Region, Northern China Region and Western China Region.

## INFORMATION OF THE PARTIES

### GCD China

GCD China is a company with limited liability incorporated in the BVI and is directly wholly-owned by the Company as at the date of this announcement. GCD China is an investment holding entity.

### Yuexiu Services

Yuexiu Services is a limited company incorporated in Hong Kong and is directly wholly-owned by GCD China as at the date of this announcement. Yuexiu Services is an investment holding entity.

The subsidiaries of Yuexiu Services are principally engaged in the provision of (i) non-commercial property management and value-added services; and (ii) commercial property management and operational services.

The unaudited net profit before taxation and net profit after taxation of Yuexiu Services and its subsidiaries for the years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020 is as follows:

	<b>For the year ended 31 December</b>		<b>For the nine months ended 30 September</b>
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Net profit before taxation <sup>Note</sup>	65.9	128.3	173.9
Net profit after taxation <sup>Note</sup>	47.3	93.2	126.7

*Note:* These figures do not include the financial information of GZMEE and GZMPM (as defined in the announcement of the Company dated 23 November 2020), which were acquired and became subsidiaries of Yuexiu Services in November 2020. For further details of the above acquisition, please refer to the announcement of the Company dated 23 November 2020.

### The Subscriber

The Subscriber is a company incorporated in Hong Kong and is principally engaged in investment holding. It is a direct wholly-owned subsidiary of GZ Metro. GZ Metro is a wholly-owned subsidiary of the Guangzhou Municipal People's Government of the PRC, and is responsible for the financing, investment, construction, operation, property development and expansion of Guangzhou's urban rail transportation.

## USE OF PROCEEDS

The Group intends to apply the proceeds from the Investment to replenish the working capital of Yuexiu Services.

## **FINANCIAL IMPACT**

As Yuexiu Services will remain as a subsidiary of the Company upon completion of the Investment, the Group is not expected to recognise any actual gain or loss as a result of the Investment. The actual gain or loss to be recorded by the Group will be subject to the final audit to be performed by the Company's auditors.

## **REASONS FOR AND BENEFITS OF THE INVESTMENT**

As at the date of this announcement, Yuexiu Services is the holding company of the Group's property management business. The Investment introduced the Subscriber as a new shareholder of Yuexiu Services, which has widened the shareholder base of Yuexiu Services. Further, the Investment could deepen the strategic cooperation between the Company and GZ Metro and create a synergy that will be beneficial to the business operations and future expansion of Yuexiu Services.

The Board (including the independent non-executive Directors) considers that the terms of the Investment Agreement and the transaction contemplated thereunder are on normal commercial terms or better, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Investment constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. The Subscriber is a substantial shareholder of the Company and is a connected person of the Company. As such, the Investment constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Investment exceeds 0.1% but is less than 5%, the Investment is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors had a material interest in the Investment Agreement and the transaction contemplated thereunder, no Director abstained from voting on the relevant board resolutions of the Company.

## **GENERAL**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	means a calendar day (other than a statutory holiday and a public holiday) in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Yuexiu Property Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GCD China”	Guangzhou Construction & Development Holdings (China) Limited, a company with limited liability incorporated in the BVI on 20 September 2001 and is a direct wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GZ Metro”	Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司), a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC and a substantial shareholder of the Company
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a limited liability company incorporated under the laws of the PRC which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC, which is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the subscription of 90,359,677 ordinary shares of Yuexiu Services by the Subscriber
“Investment Agreement”	the investment agreement entered into among the Company, GCD China, Yuexiu Services and the Subscriber on 8 February 2021 in relation to the Investment



“IPO”	the initial public offering and the listing of the shares of Yuexiu Services on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “GMIF”	Guangzhou Metro Investment Finance (HK) Limited, a limited company incorporated in Hong Kong on 5 June 2015 and is a direct wholly-owned subsidiary of GZ Metro as at the date of this announcement
“Subscription Amount”	RMB330.0 million, being the subscription amount payable by the Subscriber under the Investment Agreement
“Subscription Shares”	90,359,677 ordinary shares in Yuexiu Services
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Yuexiu Services”	Yuexiu Services Group Limited (越秀服務集團有限公司) (formerly known as Yuexiu Property Management Holding Limited (越秀物業管理股份有限公司)), a limited company incorporated in Hong Kong on 8 October 2020 and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 8 February 2021

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

*Executive Directors: LIN Zhaoyuan (Chairman), LIN Feng, LI Feng,  
CHEN Jing and LIU Yan*

*Non-executive Director: OUYANG Changcheng*

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

*\* for identification purpose only*