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

If you have sold or transferred all your shares in Yuexiu Property Company Limited you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION OF A 49% INTEREST IN A NEW METRO PROPERTY PROJECT;

(2) PROPOSED RE-ELECTION OF DIRECTOR;

(3) NOTICE OF GENERAL MEETING; AND

(4) CLOSURE OF REGISTER OF MEMBERS

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



A notice convening the GM (as defined herein) of Yuexiu Property Company Limited to be held at Island Ballroom A (Level 5), Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 18 May 2022 at 11:00 a.m. as set out on pages GM-1 to GM-2 of this circular. Whether or not you are able to attend the General Meeting, please complete and sign the form of proxy for use at the General Meeting in accordance with the instructions printed thereon and return the same to the share registrar of Yuexiu Property Company Limited, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting thereof (as the case may be). Please see page 1 of this circular for precautionary measures that the Company will implement at the GM in consideration of the continuing risk posed by coronavirus disease (COVID-19), including:

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

The Company would like to remind all shareholders of the Company ("Shareholder(s)") that physical attendance at the GM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the GM as their proxy to vote on the relevant resolutions at the GM instead of attending the GM in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

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PRECAUTIONARY MEASURES FOR GM

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

- (1) All attendees must wear face masks at all times inside the GM venue or at the waiting area outside the GM venue. Any attendees who do not wear face masks may be requested to leave or denied entry into the GM venue.
- (2) All attendees must scan the “LeaveHomeSafe” venue QR code.
- (3) All attendees must clean their hands with alcohol-based hand sanitizer before entering the GM venue.
- (4) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the GM venue. Any person with a body temperature of over 37.2 degrees Celsius may be requested to leave or denied entry into the GM venue.
- (5) **No** food and beverage service will be provided and there will be **no** handing out of gift coupons or souvenirs.
- (6) Attendees may need to confirm that (i) he/she has not travelled outside of Hong Kong within 14 days immediately before the GM (“Recent Travel History”); (ii) he/she is not subject to any HKSAR Government prescribed quarantine requirement; (iii) to his/her knowledge, he/she has not, within 14 days immediately before the GM, had close contact with any person under quarantine or with Recent Travel History; and (iv) he/she has no flu-like symptoms. Any person who fails to provide the required confirmation, or if he/she has shown flu-like symptoms, may be requested to leave or denied entry into the GM venue.
- (7) Only a limited number of seats will be available, with no standing arrangement, in the GM venue in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the GM venue.
- (8) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government, the regulatory authorities and/or the GM venue, or as considered appropriate in light of the development of the COVID-19 pandemic.

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

The Company reminds attendees that they should carefully consider their own health/personal circumstances before they decide to attend the GM in person. The Company would like to remind all Shareholders that physical attendance at the GM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the GM as their proxy to vote on the relevant resolutions at the GM instead of attending the GM in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

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

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

TIMETABLE

EXPECTED TIMETABLE FOR THE ACQUISITION AND THE GM

Despatch of GM circular and the GM Notice Friday, 22 April 2022

Latest time for lodging transfer documents for entitlements
to the right to attend and vote at the GM 4:30 p.m., Friday, 13 May 2022

GM 11:00 a.m. on Wednesday, 18 May 2022

Announcement of voting results of the GM. Wednesday, 18 May 2022

Notes:

- (1) Shareholders should note that the dates or deadlines specified in the expected timetable for the Acquisition and the GM as set out above, and in other parts of this circular, are indicative only. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers it appropriate to do so. The Company will make an announcement to notify Shareholders and the Stock Exchange of any such extension or adjustment to the expected timetable.

- (2) All time and dates in this circular refer to Hong Kong local time and dates.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Holdco Equity Interests, the Target Holdco Loan Rights and the Target Company Loan Rights as described in the section headed “The Acquisition”
“Announcement”	the announcement of the Company dated 7 April 2022 in relation to the Acquisition
“Appraised Value(s)”	the market value of the Pazhou South Project or the Target Holding Company as at 31 January 2022 as determined by the Independent Valuer
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition
“Equity Consideration”	has the meaning given to it in the section headed “The Acquisition”
“Equity Transfer”	the transfer of the Target Holdco Equity Interests from the Seller to the Purchaser
“GCCD”	廣州市城市建設開發有限公司 (Guangzhou City Construction & Development Co. Ltd.), a company established in the PRC with limited liability which is indirectly owned as to 95% by the Company and 5% by GZYX
“GCD Nansha”	廣州城建開發南沙房地產有限公司 (Guangzhou City Construction & Development Group Nansha Co., Ltd.*), a company established in the PRC with limited liability and which is a subsidiary of GCCD (which is in turn indirectly owned as to 95% by the Company and 5% by GZYX)
“GFA”	gross floor area

DEFINITIONS

“GM”	the general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Transaction Documents and the transaction contemplated thereunder (namely, the Acquisition) and the re-election of Director
“Group”	the Company and its subsidiaries
“Guangzhou Metro”	廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.*), a directly wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“Guangzhou Xingcheng”	廣州市興城實業發展有限公司 (Guangzhou Xingcheng Property Development Ltd.*), a company established in the PRC with limited liability which is a subsidiary of the Company and owns as to 10% of the Purchaser
“GZYX”	廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited*), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun and Mr. Lau Hon Chuen Ambrose, established to advise the Independent Shareholders in respect of whether the Acquisition is fair and reasonable and as to voting
“Independent Financial Adviser”	Maxa Capital Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Acquisition is fair and reasonable and as to voting
“Independent Shareholders”	Shareholders other than (i) any Shareholder who has a material interest in the Acquisition other than its interest as a Shareholder; and (ii) any close associate of such Shareholder referred to in (i)
“Independent Valuer”	Cushman & Wakefield Limited

DEFINITIONS

“Latest Practicable Date”	19 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	Target Company Loan Consideration and Target Holdco Loan Consideration
“Loan Rights Acquisition”	the acquisition of the Target Holdco Loan Rights and the Target Company Loan Rights
“Pazhou South Project”	has the meaning given to it in the section headed “Information of the parties to the Acquisition and the Pazhou South Project”
“PRC”	the People’s Republic of China and for the purpose of this circular excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	廣州越秀華城房地產開發有限公司 (Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and which is a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Fancy Hope Investment Limited (美萊投資有限公司), a company incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of GZYX
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meters
“Target Company”	廣州市品臻房地產開發有限公司 (Guangzhou Pinzhen Property Development Co., Ltd.*), a company established in the PRC with limited liability, which is owned as to 51% and 49% by Guangzhou Metro and the Target Holding Company respectively as at the Latest Practicable Date

DEFINITIONS

“Target Company Loans”	has the meaning given to it in the section headed “The Acquisition”
“Target Company Loan Consideration”	has the meaning given to it in the section headed “The Acquisition”
“Target Company Loan Rights”	all of rights, title, interest and benefit of GZYY in and to the Target Company Loans
“Target Holdco Equity Interests”	the entire equity interests in Target Holding Company which in turn holds 49% equity interests in Target Company
“Target Holdco Loans”	has the meaning given to it in the section headed “The Acquisition”
“Target Holdco Loan Consideration”	has the meaning given to it in the section headed “The Acquisition”
“Target Holdco Loan Rights”	all of rights, title, interest and benefit of GZYY in and to the Target Holdco Loans
“Target Holding Company”	廣州泉力實業發展有限公司 (Guangzhou Quanli Property Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of GZYY as at the Latest Practicable Date, which in turn owns 49% of the equity interest in the Target Company
“Total Consideration”	the aggregate amount payable by the Purchaser and GCCD for the Acquisition
“Transaction Documents”	collectively, the Equity Transfer Agreement and the Debt Restructuring Agreement, and each a “ Transaction Document ”
“YXE”	Yue Xiu Enterprises (Holdings) Limited, a company incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of GZYY

* For identification purposes only

LETTER FROM THE BOARD



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

(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

Executive Directors

Mr. Lin Zhaoyuan (Chairman)
Mr. Lin Feng
Mr. Li Feng
Ms. Chen Jing
Ms. Liu Yan

Registered Office

26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

Non-Executive Director

Mr. Zhang Yibing

Independent Non-executive Directors

Mr. Yu Lup Fat Joseph
Mr. Lee Ka Lun
Mr. Lau Hon Chuen Ambrose

22 April 2022

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE
ACQUISITION OF A 49% INTEREST IN A NEW METRO PROPERTY PROJECT;
AND
(2) PROPOSED RE-ELECTION OF DIRECTOR**

INTRODUCTION

Reference is made to the Announcement. On 7 April 2022, the Group entered into the Acquisition upon and subject to the respective terms and conditions of the Transaction Documents.

The purposes of this circular are to provide you with, among other things, (i) further information on the Acquisition; (ii) a letter of recommendations from the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Acquisition; (iv) financial information of the Group and the Target Holding Company; (v) valuation report in respect of each of the Target Holding Company and the Pazhou South Project that will be developed; (vi) information relating to the Director subject to re-election; and (vii) a notice of the GM.

LETTER FROM THE BOARD

THE ACQUISITION

The Company is pleased to announce that, on 7 April 2022, the Purchaser and GCCD have entered into the Transaction Documents with, among others, the Seller, a wholly-owned subsidiary of GZYY, and GZYY, pursuant to which, the Purchaser has conditionally agreed to acquire the Target Holdco Equity Interests and GCCD has conditionally agreed to acquire the Target Holdco Loan Rights and the Target Company Loan Rights comprising:

- (a) the entire equity interest in the Target Holding Company (which holds the 49% equity interests in the Target Company) for a total equity consideration of approximately RMB30.4 million, being the Appraised Value of the net assets of the Target Holding Company (the “**Equity Consideration**”);
- (b) the interests in the loans owing by the Target Holding Company to GZYY upon completion of the Acquisition, in an aggregate principal amount of approximately RMB3,901.25 million (the “**Target Holdco Loans**”) (which such loans bear interests at 6.5% per annum from and including the date when the Target Holdco Loans were made by GZYY up to and including the day prior to the date of completion of the Loan Rights Acquisition), by way of refinancing, the Target Holdco Loans (inclusive of accrued interest) on a dollar-for-dollar basis (the “**Target Holdco Loan Consideration**”); and
- (c) the interests in the loans owing by the Target Company to GZYY, which is pro-rata to GZYY’s indirect equity interests in the Target Company, upon completion of the Acquisition, in an aggregate principal amount of approximately RMB834.08 million (the “**Target Company Loans**”) (which such loans bear interests at 6.5% per annum from and including the date when the Target Company Loans were made by GZYY up to and including the day prior to the date of completion of the Loan Rights Acquisition), by way of refinancing, the Target Company Loans (inclusive of accrued interest) on a dollar-for-dollar basis (the “**Target Company Loan Consideration**”),

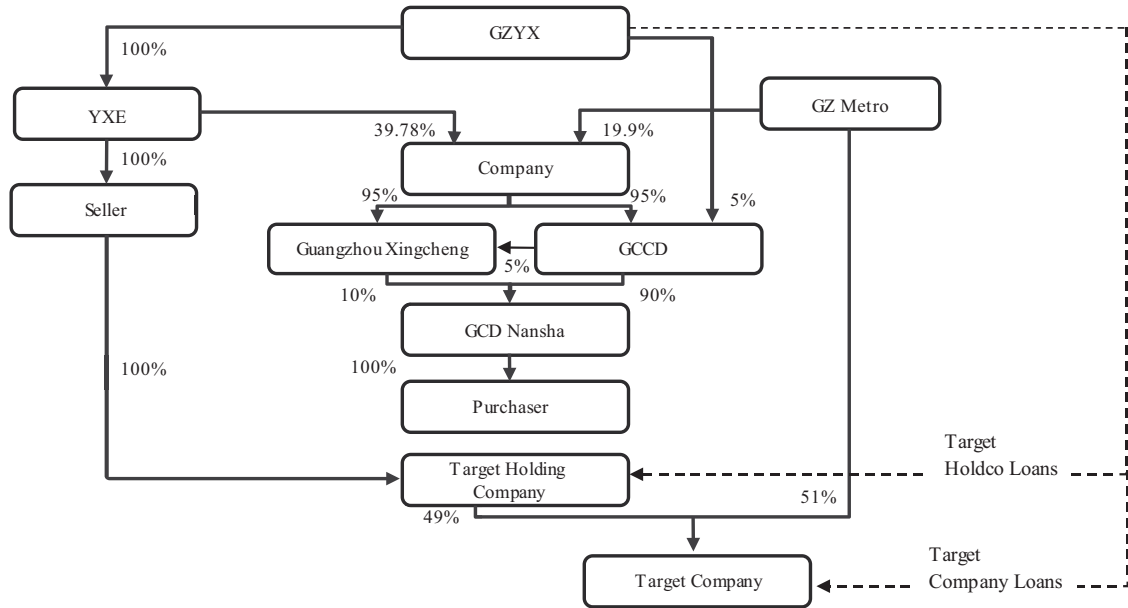
(the above are collectively referred to as the “**Acquisition**”).

For illustrative purpose, assuming the completion of the acquisition of the Target Holdco Equity Interests takes place on 31 May 2022 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests), and the completion of the Loan Rights Acquisition takes place on 15 August 2022 (being the date by which the Company targets to complete the Loan Rights Acquisition), the Total Consideration payable by the Purchaser and GCCD for the Acquisition would be approximately RMB5.01 billion.

LETTER FROM THE BOARD

Corporate structure before and immediately after the completion of the Acquisition

Set out below is the simplified corporate structure chart as at the Latest Practicable Date:

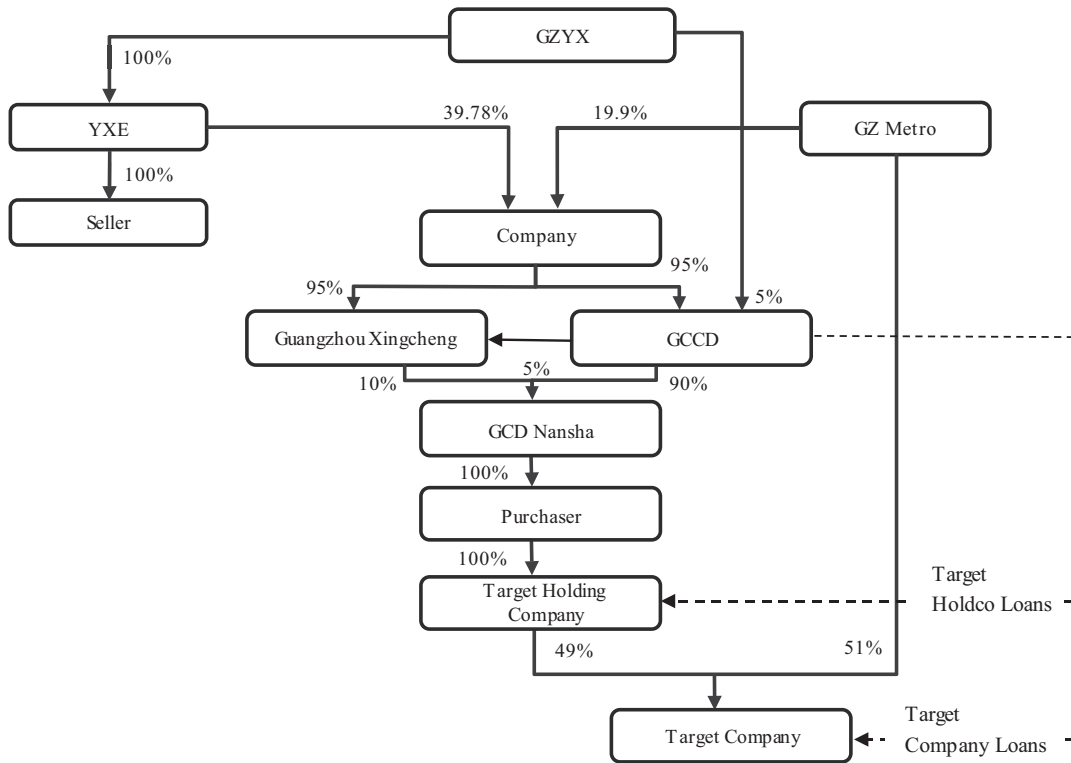


Notes:

1. —————> indicates shareholding/holding of equity interest (direct/indirect).
2. - - - - -> indicates debt provided by one party to another.

LETTER FROM THE BOARD

Set out below is the simplified corporate structure chart immediately after completion of the Acquisition:



Notes:

1. indicates shareholding/holding of equity interest (direct/indirect).
2. indicates debt provided by one party to another.

BASIS OF DETERMINATION OF CONSIDERATION FOR THE ACQUISITION

As at 31 January 2022, the Appraised Value of the Pazhou South Project, as determined by the Independent Valuer using the market comparison method (by making reference to comparable sales transactions as available in the market) and also taking into account the accrued construction costs and professional fees relevant to the stage of construction as at the said valuation date, was approximately RMB13.02 billion, translating into approximately RMB42,800 per sq.m. in terms of plot ratio accountable GFA on which residential and commercial properties can be developed (which is 304,000 sq.m.).

The consideration for the entire equity interests in the Target Holding Company (which in turn holds the 49% equity interests in the Target Company) to be acquired by the Purchaser was determined based on the Appraised Values of the net assets of the Target Holding Company as at 31 January 2022, being approximately RMB30.4 million as determined by the Independent Valuer.

LETTER FROM THE BOARD

THE TRANSACTION DOCUMENTS

Details of the terms of the Transaction Documents are described below:

The Equity Transfer and Loan Repayment Agreement dated 7 April 2022 (the “Equity Transfer Agreement”)

Parties: The Seller (a wholly-owned subsidiary of GZYX) (as seller), the Purchaser (a company which is an indirect non-wholly-owned subsidiary of the Company) (as purchaser), GZYX, GCCD and the Target Holding Company.

The Debt Restructuring Agreement dated 7 April 2022 (the “Debt Restructuring Agreement”)

Parties: GZYX (as assignor), GCCD (as assignee) and the Target Company (as debtor).

Conditions

The effective date of each of the Transaction Documents (the “**Transaction Effective Date**”) shall be the day on which the last of the following conditions has been satisfied:

- (a) the Independent Shareholders having passed all necessary resolutions at the GM to approve the Transaction Documents and the transactions contemplated thereunder; and
- (b) the consent(s) and/or waiver(s) and/or compliance approval procedures of the relevant regulatory authorities which are necessary in connection with the execution, delivery and performance of the Transaction Documents and the transactions contemplated thereunder having been obtained and/or completed.

Consideration, payment terms and completion

Subject to the Transaction Documents having become effective:

- (a) the Equity Consideration of approximately RMB30.4 million shall be payable in cash in full by the Purchaser to the Seller within five business days of the Transaction Effective Date, and completion of the Equity Transfer shall take place on the date on which such transfer is registered at the relevant administration for industry and commerce;
- (b) within 60 business days of the date of completion of the Equity Transfer:
 - (i) GZYX shall assign to GCCD all of its rights and interests in the Target Holdco Loans (together with accrued interest, if applicable) and GCCD shall pay an equivalent amount to GZYX; and
 - (ii) GCCD shall provide a loan to the Target Holding Company to enable it to repay the Target Holdco Loans in full; and

LETTER FROM THE BOARD

- (c) within 60 business days of the date of completion of the Equity Transfer:
 - (i) GZYZ shall assign to GCCD all of its rights and interests in the Target Company Loans (together with accrued interest, if applicable) and GCCD shall pay an equivalent amount to GZYZ;
 - (ii) GCCD shall provide a loan to the Target Company to enable it to repay the Target Company Loan in full; and
- (d) with effect from the completion of the Equity Transfer, GCCD will assume the obligations to provide a shareholder's loan to the Target Company of up to an amount of approximately RMB1,302.23 million which can only be drawn down pro rata to the Target Holding Company's shareholding in the Target Company.

Indemnity

Each party to the Transaction Documents agrees to indemnify each of the other parties to the relevant Transaction Document against all losses suffered by the non-defaulting parties as a result of or in connection with any breach of the respective obligations of the defaulting parties.

Termination

After the Equity Transfer Agreement becomes effective, no party thereto shall be entitled to terminate that agreement except upon the occurrence of either one of the following events:

- (a) agreement in writing between the parties to the agreement; or
- (b) termination pursuant to any applicable laws, rules and regulations or pursuant to other terms of the agreement.

Upon termination of the Equity Transfer Agreement due to the default of any party, any part of the amounts payable under the Transaction Documents (namely, the Equity Consideration and the Loan Consideration) which has been paid, shall be returned to the Purchaser. The defaulting party shall pay compensation and attend to all necessary procedures to unwind the Equity Transfer pursuant to the terms of the Equity Transfer Agreement and applicable laws and regulations.

MANAGEMENT OF THE TARGET COMPANY

As a result of the completion of the Acquisition, (a) the Target Holding Company will become non-wholly-owned subsidiary of the Company, which the Target Holding Company in turn hold 49% equity interests in the Target Company; (b) the financial results of the Target Holding Company will be consolidated into the Company; and (c) the Target Company will not become a subsidiary of the Company.

LETTER FROM THE BOARD

Pursuant to the cooperative development agreement dated 19 July 2021 in relation to the establishment of the Target Company, as may be amended and supplemented from time to time (the “**Cooperative Development Agreement**”), Guangzhou Metro, GZYX and the Target Holding Company agreed to cooperate to jointly develop the Pazhou South Project through the Target Company. Pursuant to the Cooperative Development Agreement, the Target Holding Company is mainly responsible for the overall daily operational management and development management of the Pazhou South Project. Unanimous approval of all the shareholders of the Target Company is required for matters in relation to pledging of the shares or capital investment certificate of the Target Company or the provision of guarantee by the Target Company for the liabilities of a third party.

Board composition and reserved matters

Pursuant to the Cooperative Development Agreement, the Target Company has a total of five directors, three of whom shall be appointed by Guangzhou Metro and two of whom shall be appointed by the Target Holding Company.

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

Further funding

In the event that additional funding is required for the development and construction of the Pazhou South Project, the Target Company shall first seek external financing. In the event the Target Company does not have sufficient assets to secure its obligations under the external financing, subject to compliance with the respective internal approval procedures of the shareholders of the Target Company and subject to the approval of the shareholders of the Target Company, such shareholders shall provide security or guarantee pro-rata to their then respective equity holdings in the Target Company.

In the event that external financing is insufficient to meet the capital requirements for the development and construction of the Pazhou South Project, the shareholders of the Target Company shall, subject to compliance with their respective internal approval procedures, provide additional shareholders’ loans to the Target Company pro-rata to their then respective equity holdings in the Target Company to ensure normal operation of the Target Company and the development of the Pazhou South Project.

Profit distribution arrangements

Pursuant to the Cooperative Development Agreement, the profits of the Target Company shall be shared by the parties to the agreement in proportion to their respective equity interests in the Target Company.

LETTER FROM THE BOARD

Right of first refusal

Pursuant to the Cooperative Development Agreement, the shareholders of the Target Company granted to each other a right of first refusal, where, subject to 95% or more of the total saleable area of the Pazhou South Project having been sold, any one of the shareholders of the Target Company (the “**Transferor**”) may transfer all or part of its equity interest in the Target Company and assign all or part of the shareholder’s loan (including any unpaid interest) owing to the Transferor by the Target Company. It is the understanding between the shareholders of the Target Company that the transfer of any such equity interest must be accompanied by the assignment of the same percentage of the Transferor’s interest in the shareholder’s loan owing to the Transferor by such Target Company, and vice versa.

The Company will take into account the implications under the Listing Rules when it proposes to transfer its interests in the Target Company, or when considering whether to exercise the right of first refusal mentioned above (pursuant to a proposed transfer of interests in the Target Company by the other shareholders of the Target Company), and will comply with the applicable Listing Rules requirements (if any) in respect of the same.

The Target Company shall ensure that Guangzhou Metro’s normal railway operations are not affected by the construction works of the Pazhou South Project, and that the Pazhou South Project complies with the safety management system and standards of Guangzhou Metro.

FINANCIAL EFFECTS OF THE ACQUISITION

Based on the Unaudited Pro Forma Financial Information of the Enlarged Group as of 31 December 2021, the net assets of the Enlarged Group would be slightly decreased from approximately RMB74.37 billion to approximately RMB74.36 billion. At the same time, based on the Unaudited Pro Forma Financial Information of the Enlarged Group as of 31 December 2021, the total amount of cash and cash equivalents would be decreased from RMB32.77 billion to RMB27.23 billion, which represent approximately 8.68% of the total assets of the Enlarged Group. The interest in associated entities of the Enlarged Group as of 31 December 2021 was increased from RMB16.95 billion to RMB20.94 billion.

The net assets, cash and cash equivalents and interest in associated entities figures of the Enlarged Group which are referred to in this paragraph were extracted from the Unaudited Pro Forma Financial Information of the Enlarged Group as of 31 December 2021, which was prepared based on (among other things) a Total Consideration of approximately RMB5.54 billion which does not account for the loans incurred or loan repayment by the Target Company after 31 January 2022 and any interest accrued from 1 February 2022 to 15 August 2022 (being the date by which the Company targets to complete the Loan Rights Acquisition). As the actual amount of the cash consideration and the identifiable assets and liabilities of the Acquisition at the date of completion will be different from the corresponding amounts presented in the Unaudited Pro Forma Financial Information of the Enlarged Group as at 31 December 2021, the abovementioned figures as at the date of completion of the Acquisition will also be different from the corresponding amounts presented in the Unaudited Pro Forma Financial Information of the Enlarged Group as of 31 December 2021.

LETTER FROM THE BOARD

After taking into account the Enlarged Group's internal resources, cash flow from operations and the present facilities available, the Enlarged Group is expected to have sufficient working capital to satisfy its present requirements for at least the next 12 months from the date of this circular. Therefore, it is expected that the payment of Total consideration for the Acquisition would not have any material adverse impact on the overall liquidity of the Enlarged Group.

As a result of the completion of the Acquisition, (a) the Target Holding Company will become non-wholly-owned subsidiary of the Company, which the Target Holding Company in turn hold 49% equity interests in the Target Company; (b) the financial results of the Target Holding Company will be consolidated into the Company; and (c) the Target Company will not become a subsidiary of the Company.

FINANCIAL INFORMATION OF THE TARGET HOLDING COMPANY

The audited financial information of the Target Holding Company prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants is as follows:

	From 18 March 2021 (date of incorporation of the Target Holding Company) to 31 December 2021	1 January 2022 to 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—
Loss before taxation	(47,428)	(22,519)
Loss after taxation	(47,428)	(22,519)

The audited total assets and the audited net asset value of the Target Holding Company as at 31 December 2021 were RMB3,910,616,000 and RMB-37,428,000, respectively as stated in the audited accounts of the Target Holding Company as at 31 December 2021 and the audited total assets and the audited net asset value of the Target Holding Company as at 31 January 2022 were RMB3,909,933,000 and RMB-59,947,000, respectively as stated in the audited accounts of the Target Holding Company as at 31 January 2022.

In July 2021, the Target Holding Company acquired 49% equity interests in the Target Company from Guangzhou Metro at an equity consideration of approximately RMB1,085 million. In November 2021 and December 2021, the Target Holding Company made further capital injection into the Target Company pro-rata to its shareholding for an aggregate amount of approximately RMB2,816 million.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES TO THE ACQUISITION AND THE PAZHOU SOUTH PROJECT

The Company

The Company is 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 Southwestern China.

The Target Holding Company

The Target Holding Company is a property consultation and land use rights leasing company whose sole asset (other than cash and cash equivalents) is a 49% equity interest in the Target Company.

The Target Company

The Target Company is a property development company and is the sole registered owner of the Pazhou South Project.

The Seller

The Seller is an investment holding company which is wholly-owned by GZYX.

The Purchaser

The Purchaser is a property development company which is a non-wholly owned subsidiary of the Company.

GCCD

GCCD is an investment holding company which is indirectly owned as to 95% by the Company and 5% by GZYX.

GZYX

GZYX, the ultimate controlling shareholder of the Company, is a company established in the PRC with limited liability and is majority owned by the Guangzhou Municipal People’s Government of the PRC. GZYX, through its various subsidiaries, engages in various businesses including (among others) financial business, property development, infrastructure and construction.

LETTER FROM THE BOARD

Guangzhou Metro

Guangzhou Metro is a wholly state-owned company under the Guangzhou Municipal 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. Guangzhou Metro indirectly owns approximately 19.9% shareholding in the Company.

The Pazhou South Project

The Pazhou South Project is located on the South side of Pazhou West District in the Haizhu District, Guangzhou (the "**Pazhou South Project**"). The Pazhou South Project a transit-oriented development (TOD) project and is located approximately 200 metres from the Chisha station of the metro line No. 12, which is expected to commence service in 2023. The Pazhou South Project has a site area of 110,924 sq.m. and a plot ratio accountable GFA of 304,000 sq.m. on which residential and commercial properties can be developed. The construction of the Pazhou South Project has commenced since June 2021.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that the acquisition of 49% equity interest in the Pazhou South Project further strengthens the Group's development pursuant to the implementation of the Group's TOD business strategy. With the support from the state-owned enterprise background of GZYY, the controlling shareholder of the Company, and the strategic partnership with Guangzhou Metro, the Company is able to acquire high-quality landbank along the metro lines in first-tier cities at a reasonable price. Upon completion of the Acquisition, the total floor area of the TOD projects of the Group will increase to approximately 4.19 million sq.m., and the Group's high quality landbank in Guangzhou will increase to approximately 13.34 million sq.m.. The total floor area of the TOD projects of the Group accounted for approximately 15.5% of the Group's total landbank as at 31 December 2021, and approximately 28.1% of the Group's landbank in the Greater Bay Area as at 31 December 2021. For the year ended 31 December 2021, the contracted sales value of the Group's TOD projects was approximately RMB17.87 billion, accounting for approximately 15.5% of the Group's total contracted sales value for the year. The Company believes that this unique TOD development business will bring continuous growth to the Group and further strengthen the Group's market position as a leading TOD property developer in China.

The Board considers that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests 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 will be set forth in the circular to be despatched to the Shareholders.

IMPLICATIONS UNDER LISTING RULES

As at the Latest Practicable Date, GZYY wholly-owns YXE (the controlling shareholder of the Company) and are therefore an associate of YXE and, hence, a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition and the transactions contemplated thereunder constitute a major and connected transaction of the Company. Accordingly, the Acquisition and the transactions contemplated thereunder are subject to the reporting, announcement, circular requirements and the approval of the Independent Shareholders at the GM under Chapters 14 and 14A of the Listing Rules.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Acquisition and the transactions contemplated thereunder other than its interest as a Shareholder, and such Shareholder's associates, shall abstain from voting on the resolutions to approve the same to be proposed at the GM.

Each of GZYG and its associates will abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the general meeting of the Company.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Acquisition, and therefore no other Shareholder is required to abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder for the purpose of the Listing Rules.

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

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Acquisition.

Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. Such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

PROPOSED RE-ELECTION OF DIRECTOR

Separately from the Acquisition, in accordance with Article 98 of the Company's articles of association, Mr. Zhang Yibing (who was appointed as non-executive Director with effect from 10 March 2022) shall hold office only until the next following general meeting of the Company. Accordingly, he will retire at the GM.

Mr. Zhang Yibing ("**Mr. Zhang**"), being eligible, will offer himself for re-election at the GM. Biographical details of Mr. Zhang, which are required to be disclosed by the Listing Rules, are set out below.

LETTER FROM THE BOARD

Mr. Zhang, aged 55, is currently the deputy general manager of Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司). Mr. Zhang holds a postgraduate qualification in Economics (Economic Management) of the Graduate School of the Party School of the Central Committee of the Communist Party of China.

Mr. Zhang has held various positions, including the deputy director of the Social Development Department of Guangzhou Municipal Development and Reform Commission, the director of the Personnel Department of Guangzhou Municipal Development and Reform Commission, the director of the Urban Development Department of Guangzhou Municipal Development and Reform Commission (also the director of the Municipal Metro Capital Office), the director of the Rail Transportation Department of Guangzhou Municipal Development and Reform Commission (also the director of the Municipal Metro Capital Office), and the deputy general manager and director of Guangzhou Railways Investment Construction Group Co., Ltd.* (廣州鐵路投資建設集團有限公司). Mr. Zhang has excellent communication, coordination and business development capabilities as well as expertise in administration and capital management. He also has extensive experience in business management. Mr. Zhang is involved in the management of metro property business, with a focus on land resumption, project development and commercial property operation, and has strong overall co-ordination capability in real estate project development and management. The appointment of Mr. Zhang as a non-executive director will facilitate cooperation between the Group and GZ Metro in existing and future real estate development projects.

Apart from being a non-executive director, Mr. Zhang does not hold any other positions with the Company or any of its subsidiaries. To the best of the Board's knowledge and belief, having made all reasonable enquiries, save as disclosed above, Mr. Zhang does not have any relationship with any other directors, senior management or substantial or controlling shareholders (each as defined in the Listing Rules) of the Company. Mr. Zhang has not held any directorships in other listed public companies, the securities of which are listed in Hong Kong or overseas, in the past three years preceding the date of this circular. As at the Latest Practicable Date, Mr. Zhang does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service agreement between the Company and Mr. Zhang, and Mr. Zhang will retire and be eligible for re-election in accordance with the articles of association of the Company. Mr. Zhang is entitled to receive an annual director's fee of HK\$330,000 from the Company.

Save as disclosed above, the Board is not aware of any other matter in relation to Mr. Zhang's appointment that needs to be brought to the attention of the shareholders of the Company and there is no other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 May 2022 to Wednesday, 18 May 2022 (both days inclusive), during which no transfer of Shares will be effected, to determine the eligibility of the Shareholders to participate in the GM. For Shareholders not already on the register of the members of the Company, in order to qualify to attend and vote at the GM, all transfer(s) of Share(s) (together with the relevant Share certificate(s)) must be lodged with the Company's share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Friday, 13 May 2022.

GM AND CIRCULAR

The GM will be held at 11:00 a.m. on Wednesday, 18 May 2022 at Island Ballroom A (Level 5), Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong for the purpose of considering and, if thought fit, to approve, among other things, passing the resolutions set out in the notice of the GM, which is set out on pages GM-1 to GM-2 of this circular.

Whether or not you are able to attend and vote at the GM in person, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the GM or any adjourned meeting thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof should you so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked. The voting in respect of the resolutions to be proposed at the GM will be conducted by way of a poll.

You can vote at the GM if you are a Shareholder on Wednesday, 18 May 2022. You will find enclosed with this circular the notice of the GM (please refer to pages GM-1 to GM-2 in this circular) and a form of proxy for use for the GM.

VOTING

All the resolutions set out in the notice of the GM would be decided by poll in accordance with the Listing Rules and the articles of association of the Company. On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy who is entitled to more than one vote need not use all of his/its votes or cast all of his/its votes in the same way. After the conclusion of the GM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://www.yuexiuproperty.com>.

LETTER FROM THE BOARD

Pursuant to the Listing Rules, any Shareholder who has a material interest in any of the Transaction Documents and the transaction contemplated thereunder other than its interest as a Shareholder, and such Shareholder's associates shall abstain from voting on the resolution to approve the same to be proposed at the GM. Each of the GZYG and its respective associates will abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the GM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the relevant resolution to approve the Transaction Documents and the transactions contemplated thereunder for the purpose of the Listing Rules.

RECOMMENDATIONS

You are advised to read carefully the letter from the Independent Board Committee on pages 22 to 23 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 24 to 37 of this circular, consider that the terms and conditions of the Transaction Documents and the contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Transaction Documents and the transactions contemplated thereunder at the GM.

The Board considers that the terms of the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the GM.

Shareholders and potential investors of the Company should be aware that the Acquisition is subject to certain conditions being satisfied, therefore the Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Yuexiu Property Company Limited
Lin Zhaoyuan
Chairman and executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisitions).



22 April 2022

To the Independent Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE
ACQUISITION OF A 49% INTEREST A NEW METRO PROPERTY PROJECT;**

(2) PROPOSED RE-ELECTION OF DIRECTOR;

(3) NOTICE OF GM; AND

(4) CLOSURE OF REGISTER OF MEMBERS

We refer to the circular of the Company dated 22 April 2022 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to (1) whether the terms and conditions of the Transaction Documents and the transactions contemplated thereunder (namely, the Acquisition) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and (2) how to vote in respect to the resolutions to be proposed at the GM to approve the Transaction Documents and the transaction contemplated thereunder after taking into account recommendation of the Independent Financial Adviser.

We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser. Details of the advice of the Independent Financial Adviser, together with the principal factor and reasons it has taken into consideration, as set out on pages 24 to 37 of the Circular; and (ii) the letter from the Board as set out on pages 7 to 21 of the Circular.

Having considered the terms of the Transaction Documents and the transactions contemplated thereunder and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that the terms and conditions of the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolutions to approve the Transaction Documents and the transactions contemplated thereunder at the GM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

YU Lup Fat Joseph
*Independent Non-executive
Director*

LEE Ka Lun
*Independent Non-executive
Director*

LAU Hon Chuen Ambrose
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Maxa Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



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

22 April 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION OF A 49% INTEREST IN A NEW METRO PROPERTY PROJECT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board of Committee and the Independent Shareholders in relation to the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 22 April 2022 issued by the Company (“the **Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 7 April 2022, the Purchaser and GCCD have entered into the Transaction Documents with, among others, the Seller, a wholly-owned subsidiary of GZYX, and GZYX, pursuant to which, the Purchaser has conditionally agreed to acquire the Target Holdco Equity Interests for the Equity Consideration of approximately RMB30.4 million, being the Appraised Value of the net assets of the Target Holding Company, and GCCD has conditionally agreed to acquire the Target Holdco Loan Rights and the Target Company Loan Rights by way of refinancing the Target Holdco Loans in an aggregate principal amount of approximately RMB3,901.25 million, the Target Company Loans in an aggregate principal amount of approximately RMB834.08 million and the interest accrued at 6.5% per annum from and including the date when the Target Holdco Loans and the Target Company Loans were made by GZYX, respectively, up to and including the day prior to the date of completion of the Loan Rights Acquisition, on a dollar-for-dollar basis. For illustrative purpose, assuming the completion of the acquisition of the Target Holdco Equity Interests takes place on 31 May 2022 (being the date by which the Company targets to complete the acquisition of the Target Holdco Equity Interests), and the completion of the Loan Rights Acquisition takes place on 15 August 2022 (being the date by which the Company targets to complete the Loan Rights Acquisition), the Total Consideration payable by the Purchaser and GCCD for the Acquisition would be approximately RMB5.01 billion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, GZYZ wholly-owns YXE (the controlling shareholder of the Company) and is therefore an associate of YXE and, hence, a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major and connected transaction of the Company. Accordingly, the Acquisition is subject to the reporting, announcement, circular requirements and the approval of the Independent Shareholders at the GM under Chapters 14 and 14A of the Listing Rules. Each of GZYZ and its respective associates will abstain from voting on the relevant resolutions to approve the Transaction Documents and the transactions contemplated thereunder to be proposed at the general meeting of the Company.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Acquisition. We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company in accordance with Rule 13.84 of the Listing Rules and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. Save for our appointment as the Independent Financial Adviser in respect of the Acquisition, we were appointed as the independent financial adviser in relation to the acquisition of 90% equity interest in Guangzhou Yuejing Property Development Co. Ltd. and the acquisition of 98% equity interest of Guangzhou Bai Cheng Investment Development Co. Ltd. in the last two years, details of which were set out in the announcement of the Company dated 31 May 2021 and the circular of the Company dated 11 August 2021. Apart from the normal advisory fee payable to us in connection with this appointment and the previous appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company. The aforesaid previous appointments were limited to providing one-off independent advisory service, for which Maxa Capital received normal professional fees. Accordingly, we do not consider such previous appointments give rise to any conflict of interest for Maxa Capital in acting as the Independent Financial Adviser in respect of the Acquisition.

BASIS OF OUR OPINION

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the Shareholders will be notified of any material changes to such information and representations before the GM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group

The Company is principally engaged in property development and investment, 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 Southwestern China. As at 31 December 2021, the total landbank of the Group amounted to approximately 27.11 million square meters located in 29 cities in China.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the financial information of the Group for the years ended 31 December 2019, 2020 and 2021 extracted from the 2020 annual report of the Company and the 2021 annual report of the Company (the “**2021 Annual Report**”) respectively:

	For the year ended 31 December		
	2019	2020	2021
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	38,339,112	46,234,259	57,378,861
- Property development	34,453,749	43,464,868	54,152,844
- Property management	888,186	801,913	1,410,253
- Property investment	689,564	602,804	642,427
- Others	2,307,613	1,364,674	1,173,337
Gross Profit	13,117,387	11,626,088	12,482,465
Profit for the year	4,730,508	4,682,900	5,273,639
Profit attributable to equity holders of the Company	3,483,351	4,247,860	3,588,929
	As at 31 December		
	2019	2020	2021
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	234,697,255	263,196,000	313,854,885
Total liabilities	179,505,439	198,919,885	239,488,136
Total equity	55,191,816	64,276,115	74,366,749

As illustrated in the table above, for the year ended 31 December 2021 (“**FY2021**”), the Group recorded a revenue of approximately RMB57,378.9 million, representing an increase of approximately 24.1% as compared to that for the year ended 31 December 2020 (“**FY2020**”). For FY2020, the Group’s revenue amounted to approximately RMB46,234.3 million, representing an increase of approximately 20.6% as compared to that for the year ended 31 December 2019 (“**FY2019**”). The Group’s profit attributable to the equity holders for FY2021 amounted approximately RMB3,588.9 million, representing a decrease of approximately 15.5% in comparison with that for FY2020. The profits attributable to the equity holders of the Company recorded as approximately RMB4,247.9 million in FY2020, representing an increase of approximately 21.9% as compared to that for FY2019.

The Group’s total assets and total equity as at 31 December 2021 increased by approximately 19.2% and approximately 15.7% respectively as compared to that as at 31 December 2020. The Group’s total assets and total equity amounted to approximately RMB263,196.0 million and approximately RMB64,276.1 million as at 31 December 2020 respectively, representing an increase of approximately 12.1% and approximately 16.5% as compared to that as at 31 December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Target Holding Company, the Target Company and the Pazhou South Project

2.1 Target Holding Company

The Target Holding Company is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of GZYY (the ultimate controlling shareholder of the Company) as at the Latest Practicable Date. The Target Holding Company is a property consultation and land use rights leasing company whose sole asset (other than cash and cash equivalents) is a 49% equity interest in the Target Company.

The audited financial information of the Target Holding Company prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants is as follows:

	From 18 March 2021 (date of incorporation of the Target Holding Company) to 31 December 2021	From 1 January 2022 to 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	0	0
Loss before taxation	(47,428)	(22,519)
Loss after taxation	(47,428)	(22,519)
	As at 31 December 2021	As at 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	3,910,616	3,909,933
Total liabilities	3,948,044	3,969,880
Total equity	(37,428)	(59,947)

In July 2021, the Target Holding Company acquired 49% equity interests in the Target Company from Guangzhou Metro at an equity consideration of approximately RMB1,085 million. In November 2021 and December 2021, the Target Holding Company made further capital injection into the Target Company pro-rata to its shareholding for an aggregate amount of approximately RMB2,816 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 Target Company

The Target Company is a company established in the PRC with limited liability, which is owned as to 51% and 49% by Guangzhou Metro and the Target Holding Company respectively as at the Latest Practicable Date. The Target Company is a property development company and is the sole registered owner of the Pazhou South Project.

2.3 Pazhou South Project

The Pazhou South Project is located on the south side of Pazhou West District in the Haizhu District, Guangzhou. The Pazhou South Project, a transit-oriented development (TOD) project, is located approximately 200 metres from the Chisha station of the metro line No. 12, which is expected to commence service in 2023. The Pazhou South Project comprises a parcel of land with a site area of approximately 110,924 sq.m. and a plot ratio accountable GFA of not more than approximately 304,000 sq.m. for urban residential and commercial use. The land use rights of the property have been granted for terms of 70 years due to expire on 20 May 2091 for residential and 40 years due to expire on 20 May 2061 for commercial use respectively. The construction of the Pazhou South Project has commenced since June 2021.

3. Background information of other parties of the Acquisition

3.1 The Seller

The Seller is an investment holding company which is wholly-owned by GZYX.

3.2 The Purchaser

The Purchaser is a property development company which is a non-wholly owned subsidiary of the Company.

3.3 GCCD

GCCD is an investment holding company which is indirectly owned as to 95% by the Company and 5% by GZYX.

3.4 GZYX

GZYX, the ultimate controlling shareholder of the Company, is a company established in the PRC with limited liability and is majority owned by the Guangzhou Municipal People's Government of the PRC. GZYX, through its various subsidiaries, engages in various businesses including (among others) financial business, property development, infrastructure and construction.

3.5 Guangzhou Metro

Guangzhou Metro is a wholly state-owned company under the Guangzhou Municipal 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. Guangzhou Metro indirectly owns approximately 19.9% shareholding in the Company.

4. Reasons for and benefits of the Acquisition

As mentioned in the 2021 Annual Report, the Group made full use of the policy and market advantages of the Guangdong-Hong Kong Macao Greater Bay Area and resolutely implemented the strategy of cultivating the Greater Bay Area market, with annual contracted sales in the Greater Bay Area reaching a new high level. The Group achieved contracted sales value of approximately RMB71.37 billion in the Greater Bay Area, representing a year-on-year increase of 12.1%, and accounting for approximately 62.0% of the Group's contracted sales value. The Group achieved contracted sales value of approximately RMB60.60 billion in Guangzhou, representing a year-on-year increase of 8.6%. According to the ranking by CRIC (克爾瑞), the Group's total contracted sales value and attributable contracted sales value ranked first in the Guangzhou market. As of the end of 2021, the Group had a total of 6 TOD projects under development. The total landbank of TOD projects reached 3.76 million sq.m., accounting for approximately 25.2% of the landbank in the Greater Bay Area and 13.9% of the total landbank of the Group. The Group's TOD projects in Guangzhou continued to achieve strong sales, with a total contracted sales value of approximately RMB17.87 billion for the full year, representing a year-on-year increase of 5.1%. In 2022, the Group will focus on its investment in the Greater Bay Area, quality provincial capitals and core cities, and strengthen its cultivation and targeted investment in key cities. The Group will continue to deepen its strategic cooperation with Guangzhou Metro Group and increase premium TOD projects in the Greater Bay Area.

The Group believes that the acquisition of 49% equity interest in the Pazhou South Project further strengthens the Group's development pursuant to the implementation of the Group's TOD business strategy. With the support from the state-owned enterprise background of GZYS, the controlling shareholder of the Company, and the strategic partnership with Guangzhou Metro, the Company is able to acquire high-quality landbank along the metro lines in first-tier cities at a reasonable price. Upon completion of the Acquisition, the total floor area of the TOD projects of the Group will increase to approximately 4.19 million sq.m., and the Group's high quality landbank in Guangzhou will increase to approximately 13.34 million sq.m.. The total floor area of the TOD projects of the Group accounted for approximately 15.5% of the Group's total landbank as at 31 December 2021, and approximately 28.1% of the Group's landbank in the Greater Bay Area as at 31 December 2021. For the year ended 31 December 2021, the contracted sales value of the Group's TOD projects was approximately RMB17.87 billion, accounting for approximately 15.5% of the Group's total contracted sales value for the year. The Company believes that this unique TOD development business will bring continuous growth to the Group and further strengthen the Group's market position as a leading TOD property developer in China.

In view of the abovementioned, we consider that the Acquisition is in line with the future development strategy of the Group and will help the Group in expanding its strategic layout in Greater Bay Area and reinforce its influence in Guangdong Province. Therefore, we concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

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5. Principal Terms of the Transaction Documents

Details of the terms of the Transaction Documents are described below:

The Equity Transfer and Loan Repayment Agreement dated 7 April 2022 (the “Equity Transfer Agreement”)

Parties: The Seller (a wholly-owned subsidiary of GZYX) (as seller), the Purchaser (a company which is an indirect non-wholly-owned subsidiary of the Company) (as purchaser), GZYX, GCCD and the Target Holding Company.

The Debt Restructuring Agreement dated 7 April 2022 (the “Debt Restructuring Agreement”)

Parties: GZYX (as assignor), GCCD (as assignee) and the Target Company (as debtor).

Conditions

The effective date of each of the Transaction Documents (the “**Transaction Effective Date**”) shall be the day on which the last of the following conditions has been satisfied:

- (a) the Independent Shareholders having passed all necessary resolutions at the GM to approve the Transaction Documents and the transactions contemplated thereunder; and
- (b) the consent(s) and/or waiver(s) and/or compliance approval procedures of the relevant regulatory authorities which are necessary in connection with the execution, delivery and performance of the Transaction Documents and the transactions contemplated thereunder having been obtained and/or completed.

Consideration, payment terms and completion

Subject to the Transaction Documents having become effective:

- (a) the Equity Consideration of approximately RMB30.4 million shall be payable in cash in full by the Purchaser to the Seller within five business days of the Transaction Effective Date, and completion of the Equity Transfer shall take place on the date on which such transfer is registered at the relevant administration for industry and commerce;
- (b) within 60 business days of the date of completion of the Equity Transfer:
 - (i) GZYX shall assign to GCCD all of its rights and interests in the Target Holdco Loans (together with accrued interest, if applicable) and GCCD shall pay an equivalent amount to GZYX;
 - (ii) GCCD shall provide a loan to the Target Holding Company to enable it to repay the Target Holdco Loans in full;

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- (c) within 60 business days of the date of completion of the Equity Transfer:
 - (i) GZYY shall assign to GCCD all of its rights and interests in the Target Company Loans (together with accrued interest, if applicable) and GCCD shall pay an equivalent amount to GZYY;
 - (ii) GCCD shall provide a loan to the Target Company to enable it to repay the Target Company Loans in full; and
- (d) with effect from the date of completion of the Equity Transfer, GCCD will assume the obligations to provide a shareholder's loan to the Target Company of up to an amount of approximately RMB1,302.23 million which can only be drawn down pro rata to the Target Holding Company's shareholding in the Target Company.

Indemnity

Each party to the Transaction Documents agrees to indemnify each of the other parties to the relevant Transaction Document against all losses suffered by the non-defaulting parties as a result of or in connection with any breach of the respective obligations of the defaulting parties.

Termination

After the Equity Transfer Agreement becomes effective, no party thereto shall be entitled to terminate that agreement except upon the occurrence of either one of the following events:

- (a) agreement in writing between the parties to the agreement; or
- (b) termination pursuant to any applicable laws, rules and regulations or pursuant to other terms of the agreement.

Upon termination of the Equity Transfer Agreement due to the default of any party, any part of the amounts payable under the Transaction Documents (namely, the Equity Consideration and the Loan Consideration) which has been paid, shall be returned to the Purchaser. The defaulting party shall pay compensation and attend to all necessary procedures to unwind the Equity Transfer pursuant to the terms of the Equity Transfer Agreement and applicable laws and regulations.

6. Management of the Target Company

Upon completion of the Acquisition, the Target Holding Company will become a non-wholly-owned subsidiary of the Company. Pursuant to the cooperative development agreement dated 19 July 2021 in relation to the establishment of the Target Company, as may be amended and supplemented from time to time (the "**Cooperative Development Agreement**"), Guangzhou Metro, GZYY and the Target Holding Company agreed to cooperate to jointly develop the Pazhou South Project through the Target Company. Pursuant to the cooperative development agreement, the Target Holding Company is mainly responsible for the overall daily operational management and

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development management of the Pazhou South Project. Unanimous approval of all the shareholders of the Target Company is required for matters in relation to pledging of the shares or capital investment certificate of the Target Company or the provision of guarantee by the Target Company for the liabilities of a third party.

Board composition and reserved matters

Pursuant to the Cooperative Development Agreement, the Target Company has a total of five directors, three of whom shall be appointed by Guangzhou Metro and two of whom shall be appointed by the Target Holding Company.

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

Further funding

In the event that additional funding is required for the development and construction of the Pazhou South Project, the Target Company shall first seek external financing. In the event the Target Company does not have sufficient assets to secure its obligations under the external financing, subject to compliance with the respective internal approval procedures of the shareholders of the Target Company and subject to the approval of the shareholders of the Target Company, such shareholders shall provide security or guarantee pro-rata to their then respective equity holdings in the Target Company.

In the event that external financing is insufficient to meet the capital requirements for the development and construction of the Pazhou South Project, the shareholders of the Target Company shall, subject to compliance with their respective internal approval procedures, provide additional shareholders' loans to the Target Company pro-rata to their then respective equity holdings in the Target Company to ensure normal operation of the Target Company and the development of the Pazhou South Project.

Profit distribution arrangements

Pursuant to the Cooperative Development Agreement, the profits of the Target Company shall be shared by the parties to the agreement in proportion to their respective equity interests in the Target Company.

Right of first refusal

Pursuant to the Cooperative Development Agreement, the shareholders of the Target Company granted to each other a right of first refusal, where, subject to 95% or more of the total saleable area of the Pazhou South Project having been sold, any one of the shareholders of the Target Company (the "**Transferor**") may transfer all or part of its equity interest in the Target Company and assign all or part of the shareholder's loan (including any unpaid interest) owing to the Transferor by the Target

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Company. It is the understanding between the shareholders of the Target Company that the transfer of any such equity interest must be accompanied by the assignment of the same percentage of the Transferor's interest in the shareholder's loan owing to the Transferor by such Target Company, and vice versa.

The Target Company shall ensure that Guangzhou Metro's normal railway operations are not affected by the construction works of the Pazhou South Project, and that the Pazhou South Project complies with the safety management system and standards of Guangzhou Metro.

7. Assessment of the Total Consideration

As disclosed in the Letter from the Board, the Total Consideration is estimated to be approximately RMB5.01 billion. The Equity Transfer Consideration of RMB30.4 million was determined with reference to the market value of entire equity interest in the Target Holding Company as at 31 January 2022 (the "**Valuation Date**"), which was RMB30.4 million, as valued by the Independent Valuer. The Loan Consideration is the dollar-for-dollar value of the Target Holdco Loans and the Target Company Loans (together with accrued interest).

The Company has engaged the Independent Valuer to prepare valuation reports (the "**NAV Valuation Report**" and the "**Property Valuation Report**") on the entire equity interest of the Target Holding Company and the market value of the property interest held by the Target Company (the "**Property**") in existing state as at the Valuation Date. We have reviewed such valuation reports and noted that as at the Valuation Date, the market value of the entire equity interest in the Target Holding Company is RMB30.4 million; the market value of 49% equity interest in the Target Company is approximately RMB3,996.7 million and the market value in existing state of the Property was RMB13,021.6 million.

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

NAV Valuation Report

We have reviewed the NAV Valuation Report and noted that the asset-based approach is adopted for assessing value for the entire equity interest of the Target Holding Company based on the market values of the underlying assets of the Target Holding Company less the value of any related liabilities.

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We noted that i) except interest in an associate, which is the 49% equity interest in the Target Company, and the deferred tax liabilities arising from the valuation of the interest in the Target Company, all other assets and liabilities of the Target Holding Company are valued based on their values in the audit report of the Target Holding Company; ii) except properties under development, deferred tax liabilities and provision for land appreciation tax, all other assets and liabilities of the Target Company are valued based on their values in audit report of the Target Company without any adjustment. Given the nature of such assets and liabilities are not subject to market change and depreciation, we consider valuing such assets and liabilities as its carry amount is fair and reasonable. We noticed that the Property, which was stated in the auditor's report of the Target Company as properties under development, represents the principal asset of the Target Company. Given that (i) the Property is the core asset of the Target Company which accounted for approximately 99.0% of its audited total assets as at 31 January 2021; (ii) the 49% equity interest in the Target Company is the core asset of the Target Holding Company which accounted for approximately 99.7% of its audited total assets as at 31 January 2021; and (iii) the book value of each of the assets and liabilities of the Target Holding Company and the Target Company could be analysed, adjusted and appraised individually, we concur with the Independent Valuer that it is fair and reasonable to adopt the asset-based approach to value the net assets value of the Target Holding Company and the Target Company.

In addition, we have also reviewed the equity transfer agreement between the Target Holding Company and Guangzhou Metro dated 20 July 2021 when the Target Holding Company acquired the 49% equity interest in the Target Company, and noted the aggregation of the consideration of the 49% equity interest in the Target Company and the further capital injection into the Target Company by the Target Holding Company in such agreement amounted to approximately RMB3,900.7 million. The appraised value of 49% equity interest in the Target Company in the NAV Valuation report is approximately RMB3,996.7 million, which represents a small premium of approximately 2.5% over the historical investment costs by the Target Holding Company.

Property Valuation Report

We have reviewed the Property Valuation Report and discussed with the Independent Valuer on the methodologies of, and basis and assumptions adopted therein. We understood the Independent Valuer has adopted the market comparison method by making reference to comparable sales transactions as available in the market and has also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the Valuation Date. The Independent Valuer has relied on the accrued construction cost and professional fees information provided by the Target Company according to the different stages of construction of the property as at the valuation date, and did not find any material inconsistency from those of other similar developments.

The comparison approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. We understood from the Independent Valuer that comparison approach is fully in line with the relevant valuation and market standards for appraising the properties in the PRC. The Independent Valuer also advised that the

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residual value approach is not suitable since (i) Pazhou South Project is in the early stage of development, and hence there will be potential adjustments on both development cost and project planning in the later stage of development process; and (ii) the basis and assumptions under the residual value approach involved greater uncertainties.

We have reviewed the list of comparable properties identified by the Independent Valuer for the Property. We understood from the Independent Valuer that such three comparable properties form an exhaustive list of properties most comparable to the Property in terms of location, date of transaction, usage and other relevant factors. We noted that (i) the comparable properties are mainly of residential use with the locations in the nearby districts of the Property's in Guangzhou; (ii) the transactions of comparable properties are conducted in 2020 and 2021 and before the date of the Transaction Documents; and (iii) the information of the comparable properties is consistent with the published information from the database of Guangzhou Public Resources Trading Centre. The Independent Valuer has made relevant adjustments including location, transportation, environment, site area, plot ratio and shape of the land to take into account the differences between the comparable properties and the Property, and then used the average of the adjusted accommodation value of the three comparable properties as the unit land value in calculation of the valuation of the Property, which is within the range of the original accommodation value of such comparable properties.

Based on our review of the legal due diligence report on the Target Company and the relevant title documents of the Property, and our review and analysis of the NAV Valuation Report and the Property Valuation Report above, we are of the view that the valuation methodologies, the basis and assumptions adopted in such valuation reports are reasonable and acceptable.

Taking into account (a) the above work and steps we have conducted in relation to the relevant valuation reports, including but not limited to (i) interviewing the Independent Valuer as to its expertise and its independence; (ii) reviewing the terms of engagement of the Independent Valuer and assessing the appropriateness of its scope of work; and (iii) assessment on the reasonableness of the valuation methodologies, basis and assumptions being adopted; (b) our review of the historical equity transfer agreement between the Target Holding Company and Guangzhou Metro and our comparison on the appraised value of 49% equity interest in the Target Company in the NAV Valuation report and the relevant historical investment costs by the Target Holding Company as mentioned above; (c) our review of the historical loan agreements in relation to the Target Company Loans and the Target Holdco Loans, the summary of the outstanding Target Company Loans and Target Holdco Loans and the relevant interest accrued, and the relevant historical bank transfer notes, we consider the terms of the Acquisition are fair and reasonable.

8. Financial effects of the Acquisition on the Group

Upon completion of the Acquisition, the Target Holding Company will become a non-wholly-owned subsidiary of the Company and the financial results of the Target Holding Company will be consolidated into the Company; the Target Holding Company will hold 49% equity interest in the Target Company and the Target Company will not become a subsidiary of the Company.

As the Pazhou South Project is still under construction, the Acquisition would not immediately contribute material profit to the Group upon completion of the Acquisition. It is expected that the Group's profit will be enhanced since 2024 upon the delivery of the Phase I of Pazhou South Project.

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There will not be material change to the net assets of the Group upon completion of the Acquisition. The Acquisition would result in a cash outflow of the Group at the amount of the Total Consideration approximately RMB5.01 billion and the new shareholder's loan of approximately RMB373.98 million in 2022. Given (i) the cash and cash equivalent of the Group was approximately RMB32.77 billion as at 31 December 2021 and the Total Consideration and the new shareholder's loan only amounts to approximately 16.4% of the cash and cash equivalent of the Group; (ii) the Target Holding Company is expected to generate profit for the Group and start to return the shareholder's loan since 2024; and (iii) it is expected the Target Holding Company will start to generate positive operating cash flow since 2024 and the Company does not need to make further investment in the Target Holding Company after completion of the Acquisition and the new shareholder's loan in 2022, we concur with the Management that the Acquisition would not have material adverse effect on the working capital of the Group.

OPINION

Considering of the above factors and reasons, we are of the view that (i) the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is 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. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the GM to approve the Transaction Documents and the transactions contemplated thereunder.

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

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 14 years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2019 and 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.yuexiuproperty.com/>):

- Annual report of the Company for the year ended 31 December 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401898.pdf> (page 90 to 197)
- Annual report of the Company for the year ended 31 December 2020:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700627.pdf> (page 94 to 208)
- Annual report of the Company for the year ended 31 December 2021:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000268.pdf> (page 90 to 209)

Summary of financial information of the Group

The following is a summary of the financial results of the Group for the years ended 31 December 2019, 2020 and 2021 as extracted from the relevant annual reports of the Company:

	Financial year ended 31 December 2019 <i>RMB'000</i>	Financial year ended 31 December 2020 <i>RMB'000</i>	Financial year ended 31 December 2021 <i>RMB'000</i>
Revenue	38,339,112	46,234,259	57,378,861
Profit before taxation	11,413,046	10,200,242	10,842,437
Profit attributable to equity holders of the Company	3,483,351	4,247,860	3,588,929
Profit attributable to non-controlling interest	1,247,157	435,040	1,684,710
Taxation	6,682,538	5,517,342	5,568,798
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share, basic and diluted)	0.2410	0.2744	1.1590

The auditor of the Company for the years ended 31 December 2019, 2020 and 2021 was PricewaterhouseCoopers. The audit opinions of PricewaterhouseCoopers in respect of the years ended 31 December 2019, 2020 and 2021 were not qualified and there were no modified opinions nor emphasis of matter or material uncertainty related to going concern contained in the auditor's report of PricewaterhouseCoopers in respect of the above years.

2. INDEBTEDNESS STATEMENT OF THE GROUP

Borrowings

At the close of business on 28 February 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding borrowings, bank overdraft and lease liabilities of approximately RMB77.27 billion, comprising:

- (1) secured and unguaranteed bank borrowings of approximately RMB6.28 billion;
- (2) secured and guaranteed bank borrowings of approximately RMB4.16 billion;
- (3) unsecured and guaranteed bank borrowings of approximately RMB21.05 billion;
- (4) unsecured and unguaranteed bank borrowings of approximately RMB4.19 billion;
- (5) secured and guaranteed other borrowings of approximately RMB0.38 billion;
- (6) unsecured and guaranteed other borrowings of approximately RMB38.67 billion;
- (7) unsecured and unguaranteed other borrowings and overdraft of approximately RMB1.80 billion; and
- (8) unsecured lease liabilities of approximately RMB0.74 billion.

The bank and other borrowings are secured by certain of the Group's properties under development, properties held for sale, investment properties, property, plant and equipment and land use rights. Certain bank and other borrowings are guaranteed by the Company, certain subsidiaries of the Group, non-controlling interests and related parties.

Contingent Liabilities

As at 28 February 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following material contingent liabilities:

- (1) the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be liable for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group will be entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property

ownership certificates. As at 28 February 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total contingent liabilities relating to these guarantees amounted to approximately RMB27.66 billion.

- (2) certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB8.48 billion in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB4.30 billion was utilised and guarantee of approximately RMB4.18 billion was not utilised yet.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 28 February 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group did not have any other debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Enlarged Group since 28 February 2022 up to and including the Latest Practicable Date.

3. MATERIAL CHANGE

Save for the Acquisition, the Directors confirm there had not been any material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date on which the consolidated financial information of the Company were made up and disclosed in the annual report for the year ended 31 December 2021, and up to and including the Latest Practicable Date.

4. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account of the Enlarged Group's internal resources, cash flow from operations and the present facilities available, the Enlarged Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months from the date of this circular.

5. RECENT DEVELOPMENT AND FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

Looking forward to 2022, the COVID-19 pandemic may resurge even though significant results have been achieved in containing the pandemic throughout the world. The aggravation of global inflation, earlier and faster pace of interest rate hikes, gradual withdrawal of quantitative easing and impact of the pandemic on the global supply chain will result in uncertainty for the global economic growth and the financial market performance. Besides, various geopolitical factors will also pose certain risks to the global economy's growth. Although China led the way in economic recovery during the pandemic and saw a strong rebound in its economy, the possible resurging of the pandemic, weak consumer momentum, instability in the global supply chain and the risk of a downward market

in the real estate sector will pose challenges to China's economic growth in 2022. In the year 2022, stabilising economic growth will remain to be the main goal of economic work for the central government. The central government is expected to continue to intensify its efforts to stabilise macroeconomic growth, implement a proactive fiscal policy and a prudent and flexible monetary policy, maintain a reasonable level of adequate liquidity and continue to create a new development pattern that focuses on domestic cycle synergizing with international cycles, so as to consolidate the foundation of economic recovery and promote the steady development of the economy.

In respect of the property policies, the government's regulatory policies will continue to remain consistent and stable, and the keynote of regulatory policies for positioning "housing for living instead of speculation", and stabilising land premium, housing price and expectation will remain unchanged. It is expected that such regulatory policies will be more region specific, being "one city, one policy" and more precise. Local governments will carry out the main responsibilities of regulation, implement region-specific policies in consideration of local situation with flexibility. That would better support the commercial housing market to meet the reasonable demand of home buyers and promote the benign cycle and healthy development of the real estate industry.

With steady regulatory policies as the main keynote, the development of property market will remain stable in general. As rigid demand and demand for upgrade will still dominate the overall market, and the policies aim to support reasonable demands for self-occupation, it is expected that the market will gradually tend to stabilise and remain steady in 2022 with the introduction of the details of the property tax pilot and the improvement of the overall funding position of the industry. Throughout the year, the total market transaction size and price will remain stable, but the performance of transaction volume and selling price in various regions and cities will show obvious differentiation. The reshuffling of the industry will continue, and the market concentration will keep increasing. Financially sound enterprises with the ability to acquire other enterprises will be in an advantageous position for future development. The demand in megalopolis and metropolitan areas including the Greater Bay Area and the Yangtze River Delta will keep rising, and the market for those areas will continue to outperform other regions. The government will continue to enhance land supply and optimise the mechanism of centralised land transfer, but the overall performance of land market will gradually become rational under tightening control on corporate capital side and the "Three Red Lines". The government will continue to strengthen funding supervision for property developers, and the financial position of different property developers will show clear differentiation. The development of property developers will enter an era of quality competition, and enterprises with high level indebtedness and leverage will be gradually eliminated. Higher standard on the operational capabilities of property developers is expected with refined management and cost control as important competitiveness in the future.

In terms of operations, the Group will accelerate project development and have sufficient supplies in sales to ensure that projects are delivered and completed as scheduled. The Group will continue to improve product competitiveness, optimise the standardised product system, upgrade unique TOD product line and service system, enhance and optimise life-cycle operation management system of projects and accelerate turnover and development efficiency of projects. In terms of sales, the Group will seek to achieve full year sales target and cash collection rate by formulating sales strategies based on the "one city, one policy" and "one project, one policy", and ensuring supplies, sales, and cash collections. In terms of financial aspect, due to liquidity risks resulting from more stringent control policies and uncertainties in the market environment, the Group will strengthen its

management of cash flows from operating activities and conduct an overall management of onshore and offshore funds to increase efficiency in capital utilisation. The Group will continue to ensure no breach of any of the “Three Red Lines”, being in “green lights”. Moreover, the Group will fully utilise diversified financing channels at onshore and offshore markets to maintain reasonable financing costs. Meanwhile, to identify and prevent risk, the Group will optimise its financial risk monitoring system. The Group will continue to maintain its investment-grade credit ratings of Moody’s and Fitch.

The following is the text of a report set out on pages II-1 to II-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YUEXIU PROPERTY COMPANY LIMITED***Introduction***

We report on the historical financial information of Guangzhou Quanli Property Co., Ltd. (the "Target Holding Company") set out on pages II-3 to II-20, which comprises the balance sheets as at 31 December 2021 and 31 January 2022 and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period from 18 March 2021 (the date of incorporation of the Target Holding Company) to 31 December 2021 and for the one-month period ended 31 January 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-3 to II-20 forms an integral part of this report, which has been prepared for inclusion in the circular of Yuexiu Property Company Limited (the "Company") dated 22 April 2022 in connection with the proposed acquisition of the Target Holding Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Holding Company for the Track Record Period ("Underlying Financial Statements"), on which the Historical Financial Information is based, were prepared by the directors of the Target Holding Company. The directors of the Target Holding Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and for such internal control as the directors determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

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Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Holding Company as at 31 December 2021 and 31 January 2022, and of its financial performance and its cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

22 April 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET HOLDING COMPANY**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(A) STATEMENTS OF COMPREHENSIVE INCOME

		18 March 2021 (date of incorporation of the Target Holding Company) to 31 December 2021	1 January 2022 to 31 January 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Administrative expenses		(97)	—
Operating loss		(97)	—
Finance income	5	17	10
Finance costs	6	(46,796)	(21,836)
Share of losses of an associate	8	(552)	(693)
Loss before taxation		(47,428)	(22,519)
Taxation	7	—	—
Loss and total comprehensive loss for the period		<u>(47,428)</u>	<u>(22,519)</u>

(B) BALANCE SHEETS

	<i>Note</i>	As at 31 December 2021 <i>RMB'000</i>	As at 31 January 2022 <i>RMB'000</i>
ASSETS			
Non-current asset			
Interest in an associate	8	<u>3,900,194</u>	<u>3,899,501</u>
Current asset			
Cash and cash equivalents	9	<u>10,422</u>	<u>10,432</u>
Total assets		<u><u>3,910,616</u></u>	<u><u>3,909,933</u></u>
LIABILITIES			
Current liabilities			
Amount due to ultimate holding company	13(c)	46,796	68,632
Amount due to a fellow subsidiary	13(c)	<u>2</u>	<u>2</u>
		<u>46,798</u>	<u>68,634</u>
Non-current liability			
Amount due to ultimate holding company	13(c)	<u>3,901,246</u>	<u>3,901,246</u>
Total liabilities		<u><u>3,948,044</u></u>	<u><u>3,969,880</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the Target Holding Company			
Share capital	10	10,000	10,000
Accumulated losses		<u>(47,428)</u>	<u>(69,947)</u>
Total equity		<u><u>(37,428)</u></u>	<u><u>(59,947)</u></u>
Total equity and liabilities		<u><u>3,910,616</u></u>	<u><u>3,909,933</u></u>
Net current liabilities		<u><u>(36,376)</u></u>	<u><u>(58,202)</u></u>
Total assets less current liabilities		<u><u>3,863,818</u></u>	<u><u>3,841,299</u></u>

(C) STATEMENTS OF CASH FLOWS

		18 March 2021 (date of incorporation of the Target Holding Company) to 31 December 2021	1 January 2022 to 31 January 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities			
Loss of the period and operating cash flows before movement in working capital		(97)	—
Increase in amount due to a fellow subsidiary		<u>2</u>	<u>—</u>
Net cash used in operations		(95)	—
Interest received		<u>17</u>	<u>10</u>
Net cash (used in) /generated from operating activities		(78)	10
Investing activities			
Acquisition of the associate	8	(1,085,010)	—
Capital contribution to the associate	8	<u>(2,815,736)</u>	<u>—</u>
Cash used in investing activities		<u>(3,900,746)</u>	<u>—</u>
Financing activities			
Capital contribution from immediate holding company	10	10,000	—
Loan from ultimate holding company	11	<u>3,901,246</u>	<u>—</u>
Cash generated from financing activities		<u>3,911,246</u>	<u>—</u>
Increase in cash and cash equivalents		10,422	10
Cash and cash equivalents at the beginning of the period		<u>—</u>	<u>10,422</u>
Cash and cash equivalents at the end of the period		<u>10,422</u>	<u>10,432</u>

(D) STATEMENTS OF CHANGES IN EQUITY

	Share capital (Note 10) <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 18 March 2021 (date of incorporation of the Target Holding Company)	<u>—</u>	<u>—</u>	<u>—</u>
Capital contributed by the shareholder	10,000	—	10,000
Loss and total comprehensive loss for the period	—	(47,428)	(47,428)
Balance at 31 December 2021	<u>10,000</u>	<u>(47,428)</u>	<u>(37,428)</u>
Balance at 1 January 2022	<u>10,000</u>	<u>(47,428)</u>	<u>(37,428)</u>
Loss and total comprehensive loss for the period	—	(22,519)	(22,519)
Balance at 31 January 2022	<u><u>10,000</u></u>	<u><u>(69,947)</u></u>	<u><u>(59,947)</u></u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1 GENERAL INFORMATION**

Guangzhou Quanli Property Co., Ltd. (the “Target Holding Company”) was incorporated in the People’s Republic of China (the “PRC”) on 18 March 2021. The address of its registered office is Room 6401, No. 5, Zhujiang West Road, Guangzhou, PRC.

The Target Holding Company is an investment holding company. The ultimate holding company of the Target Holding Company is Guangzhou Yue Xiu Holdings Limited (“GZYX”), which was incorporated in China.

On 19 July 2021, the Target Holding Company acquired 49% equity interest in Guangzhou Pinzhen Property Development Co., Ltd. (the “Target Company”) from Guangzhou Metro Company Co., Ltd. (“Guangzhou Metro”). As the Target Holding Company has significant influence over the Target Company, the Target Company is considered as an associate of the Target Holding Company.

The Target Company is principally engaged in development, selling and management of properties in Chisha, Guangzhou, the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied for the periods presented, unless otherwise stated.

2.1 Incomparability of the Historical Financial Information

As the Target Holding Company was incorporated on 18 March 2021, the financial information for the financial period of 2021 covered a period from 18 March 2021 to 31 December 2021 while the financial information for the financial period of 2022 only covered for the one month ended 31 January 2022. As a result, the financial information of 2021 is incomparable with that of 2022.

2.2 Basis of preparation

The Historical Financial Information of the Target Holding Company has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The Historical Financial Information has been prepared under the historical cost convention.

2.2.1 Going concern

As at 31 January 2022 and 31 December 2021, the Target Holding Company’s net current liabilities amounted to approximately RMB58 million and RMB36 million, respectively and the Target Holding Company’s current liabilities primarily comprise of amount due to the ultimate holding company. Yuexiu Property Company Limited has confirmed to provide financial support for the

continuing operations of the Target Holding Company so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 January 2022. As a result, the directors of the Target Holding Company consider that it is appropriate for the Target Holding Company to adopt the going concern basis in preparing the Historical Financial Information as at 31 January 2022 and 31 December 2021.

2.2.2 Changes in accounting policies and disclosures

The Target Holding Company has applied the amendments to existing standards that are effective as at 1 January 2022 throughout the periods presented.

New standards and amendments to existing standards that have been issued but are not effective as at 1 January 2022 and have not been early adopted by the Target Holding Company:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS 4 (Amendments)	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

The above new/amended standards and interpretation are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing the Historical Financial Information. According to the preliminary assessment made by the directors of the Target Holding Company, no significant impact on the financial performance and position of the Target Holding Company is expected when they become effective.

2.3 Principles of equity accounting*(i) Associates*

Associates are all entities over which the Target Holding Company has significant influence but not control or joint control. This is generally the case where the Target Holding Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

(ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Target Holding Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Target Holding Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Target Holding Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Target Holding Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee entity.

Unrealised gains on transactions between the Target Holding Company and its associates are eliminated to the extent of the Target Holding Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Target Holding Company.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.4.

2.4 Impairment of interest in an associate

Interest in an associate is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Interest in an associate that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with bank.

2.6 Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities unless the Target Holding Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.7 Finance costs

Finance costs are recognised in profit or loss in the period in which they are incurred.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of income tax, from the proceeds.

2.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Target Holding Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Target Holding Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments where the Target Holding Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.10 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Target Holding Company's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. During the periods presented, the market risk did not have significant impact on the Target Holding Company, considering its financial assets or liabilities are denominated in RMB and the long-term borrowings bears interests at fixed rates which are comparable to market interest rates. In addition, as there is no receivables and the cash at bank are placed with highly reputable financial institutions, the credit risk of the Target Holding Company is minimal. The Target Holding Company's activities are mainly exposed to liquidity risk. The Target Holding Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Holding Company's financial performance.

Liquidity risk

Due to the capital intensive nature of the Target Holding Company's business, the Target Holding Company ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Target Holding Company's financial liabilities mainly comprise of the amounts due to ultimate holding company.

The table below analyses the Target Holding Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 January, 2022				
Amount due to ultimate holding company (including interest)	322,213	253,581	4,523,224	5,099,018
Amount due to a fellow subsidiary	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>
	<u>322,215</u>	<u>253,581</u>	<u>4,523,224</u>	<u>5,099,020</u>
As at 31 December, 2021				
Amount due to ultimate holding company (including interest)	300,377	253,581	4,545,060	5,099,018
Amount due to a fellow subsidiary	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>
	<u>300,379</u>	<u>253,581</u>	<u>4,545,060</u>	<u>5,099,020</u>

3.2 Capital management

The Target Holding Company's objective when managing capital is to safeguard the Target Holding Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Currently, the Target Holding Company is mainly relied on the funding or financial support from its ultimate holding company.

In order to maintain or adjust the capital structure, the Target Holding Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder, or sell assets to reduce debt.

3.3 Fair value estimation

The carrying values of the Target Holding Company's financial assets and financial liabilities, including cash and cash equivalents, amounts due to ultimate holding company are reasonable approximation of their fair values.

4 CRITICAL ACCOUNTING ESTIMATIONS AND JUDGEMENTS

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Holding Company's accounting policies. Currently there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information.

5 FINANCE INCOME

	18 March 2021 (date of incorporation of the Target Holding Company) to 31 December 2021 <i>RMB'000</i>	1 January 2022 to 31 January 2022 <i>RMB'000</i>
Interest income from bank deposits	<u>17</u>	<u>10</u>

6 FINANCE COSTS

	18 March 2021 (date of incorporation of the Target Holding Company) to 31 December 2021 <i>RMB'000</i>	1 January 2022 to 31 January 2022 <i>RMB'000</i>
Interest expense on amount due to ultimate holding company (Note 13(b))	<u>46,796</u>	<u>21,836</u>

7 TAXATION

As at 31 January 2022 and 31 December 2021, the Target Holding Company had not recognised deferred income tax assets in respect of cumulated losses of RMB70 million and RMB47 million respectively. The tax losses shall expire in five years from year of occurrence under current tax legislation. Tax losses of approximately RMB47 million and RMB23 million will expire in 2026 and 2027, respectively.

8 INTEREST IN AN ASSOCIATE

	As at 18 March 2021 (date of incorporation of the Target Holding Company)	Addition	Share of losses	As at 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest in an associate	<u>—</u>	<u>3,900,746</u>	<u>(552)</u>	<u>3,900,194</u>

	As at 1 January 2022	Addition	Share of losses	As at 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest in an associate	<u>3,900,194</u>	<u>—</u>	<u>(693)</u>	<u>3,899,501</u>

Set out below is the detail of the associate as at 31 December 2021 and 31 January 2022.

Name of entity	% of ownership interest	
	As at 31 December 2021	As at 31 January 2022
Guangzhou Pinzhen Property Development Co. Ltd	49%	49%

Note:

The Target Company is a private company with no quoted market price available for its shares.

On 19 July 2021, the Target Holding Company acquired 49% equity interest in the Target Company from Guangzhou Metro (the "Acquisition") at a consideration of approximately RMB1,085 million. On 30 November 2021 and 7 December 2021, both the Target Holding Company and Guangzhou Metro have contributed for the capital to the Target Company according to their respective shareholdings in the Target Company. The total amount as contributed by the Target Holding Company was approximately RMB2,816 million.

The Target Company has share capital consisting solely of ordinary shares, which are directly held by the Target Holding Company. The country of incorporation or registration of the Target Company is the PRC which is also its principal place of business. The proportion of ownership interest of the Target Company is the same as the proportion of voting rights held.

The Target Company did not have any significant capital commitments as at 31 December 2021 and 31 January 2022.

There are no significant contingent liabilities relating to the Target Holding Company's interests in the Target Company.

Set out below is the summarised financial information for the Target Company. The information disclosed reflects the amounts presented in the financial statements of the Target Company and not the Target Holding Company's share of those amounts. They have been amended to reflect adjustments made by the Target Holding Company when using the equity method, including fair value adjustments.

Summarised balance sheets	As at 19 July 2021 (completion date of the Acquisition) <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>	As at 31 January 2022 <i>RMB'000</i>
Current assets			
Cash and cash equivalents	9,590	9,639	9,788
Properties under development	2,137,428	2,230,698	2,266,302
Other current assets	—	77,106	80,028
Total current assets	<u>2,147,018</u>	<u>2,317,443</u>	<u>2,356,118</u>
Non-current assets			
Properties under development	8,591,324	9,685,229	9,707,031
Other non-current assets	12,068	12,484	12,954
Total non-current assets	<u>8,603,392</u>	<u>9,697,713</u>	<u>9,719,985</u>
Total assets	<u>10,750,410</u>	<u>12,015,156</u>	<u>12,076,103</u>
Current liabilities			
Financial liabilities	54,775	181,181	197,573
Other current liabilities	4,364,179	65,275	50,928
Total current liabilities	<u>4,418,954</u>	<u>246,456</u>	<u>248,501</u>
Non-current liabilities			
Financial liabilities	4,117,150	3,809,121	3,869,437
Total liabilities	<u>8,536,104</u>	<u>4,055,577</u>	<u>4,117,938</u>
Net assets	<u>2,214,306</u>	<u>7,959,579</u>	<u>7,958,165</u>
Target Holding Company's equity share in %	<u>49%</u>	<u>49%</u>	<u>49%</u>
Carrying amount of the Target Holding Company's equity share	<u>1,085,010</u>	<u>3,900,194</u>	<u>3,899,501</u>

Summarised comprehensive income items	10 March 2021 (date of incorporation of the Target Company to 19 July 2021 (completion date of the Acquisition))	20 July 2021 to 31 December 2021	1 January 2022 to 31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—	—
Interest income	(27)	(248)	(5)
Depreciation and amortisation	—	2	1
Interest expense	47,862	—	—
Income tax credits	(12,068)	(376)	(471)
Losses from continuing operations	(36,204)	(1,127)	(1,414)
Losses for the period	<u>(36,204)</u>	<u>(1,127)</u>	<u>(1,414)</u>
Total comprehensive losses	<u>(36,204)</u>	<u>(1,127)</u>	<u>(1,414)</u>
Dividends received from the associate	—	—	—

9 CASH AND CASH EQUIVALENTS

	As at 31 December 2021 <i>RMB'000</i>	As at 31 January 2022 <i>RMB'000</i>
Cash at bank	<u>10,422</u>	<u>10,432</u>
Maximum exposure to credit risk	<u>10,422</u>	<u>10,432</u>

Cash and cash equivalents of the Target Holding Company are denominated in RMB.

10 SHARE CAPITAL

	As at 18 March 2021 (date of incorporation of the Target Holding Company) <i>RMB'000</i>	Issue of shares <i>RMB'000</i>	As at 31 December 2021 and 1 January 2022 <i>RMB'000</i>
Paid-in capital	<u>—</u>	<u>10,000</u>	<u>10,000</u>

11 CASH FLOW INFORMATION

Reconciliation of liability arising from financing activity

	As at 18 March 2021 (date of incorporation of the Target Holding Company) <i>RMB'000</i>	Cash flows <i>RMB'000</i>	Interest accrued (note 5) <i>RMB'000</i>	As at 31 December 2021
Amount due to ultimate holding company	<u>—</u>	<u>3,901,246</u>	<u>46,796</u>	<u>3,948,042</u>

	As at 1 January 2022 <i>RMB'000</i>	Cash flows <i>RMB'000</i>	Interest accrued (note 5) <i>RMB'000</i>	As at 31 January 2022 <i>RMB'000</i>
Amount due to ultimate holding company	<u>3,948,042</u>	<u>—</u>	<u>21,836</u>	<u>3,969,878</u>

12 COMMITMENTS

The Target Holding Company did not have any significant capital commitments as at 31 December 2021 and 31 January 2022.

13 SIGNIFICANT RELATED PARTY TRANSACTIONS**(a) Related parties**

The table below summaries the names of related parties with whom the Target Holding Company had significant transactions during the periods presented, and their relationship with the Target Holding Company as at 31 December 2021 and 31 January 2022:

Related parties	Relationship
GZYY	Ultimate holding company
Guangzhou Weixin Industrial Development Co., Ltd. ("GZWX")	A fellow subsidiary

(b) Transactions with related parties

	18 March 2021 (date of incorporation of the Target Holding Company) to	1 January 2022 to
	31 December 2021	31 January 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Transaction with ultimate holding company		
Loans advanced by ultimate holding company	3,901,246	—
Interest expense (Note 5)	<u>46,796</u>	<u>21,836</u>

The terms of above transactions are mutually agreed between the contracted parties. There is no interest expense paid during the Track Record Period.

(c) Balances with related parties

	As at 31 December 2021 <i>RMB'000</i>	As at 31 January 2022 <i>RMB'000</i>
Current		
Amount due to ultimate holding company (i)	46,796	68,632
Amount due to a fellow subsidiary	<u>2</u>	<u>2</u>
	<u>46,798</u>	<u>68,634</u>
Non-current		
Amount due to ultimate holding company (i)	<u>3,901,246</u>	<u>3,901,246</u>
	<u>3,948,044</u>	<u>3,969,880</u>

- (i) Non-current portion of the amount due to ultimate holding company represents the principal of the shareholder's loan, which is unsecured, denominated in RMB, interest bearing at 6.5% per annum and repayable in 2026. The interest is due for payment quarterly. The current portion represents the interest payable in connection with the aforesaid shareholder's loan.

(d) Key management compensation

The Target Holding Company's activities are planned, directed and controlled by the management of its ultimate holding company and the ultimate holding company had not charged any fee for the services rendered during the periods presented. Therefore, no key management compensation was paid for the periods presented.

14 CONTINGENCIES

There were no significant contingent liabilities relating to the Target Holding Company as at 31 December 2021 and 31 January 2022.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Holding Company in respect of any period subsequent to 31 January 2022 and up to the date of this report.

Set out below is the management discussion and analysis of the Target Holding Company for the period from 18 March 2021 (being the date of incorporation of the Target Holding Company) to 31 December 2021 and one month ended 31 January 2022 (the “Track Record Period”).

BUSINESS REVIEW

The Target Holding Company is a limited liability company incorporated under the PRC laws. The principal asset of the Target Holding Company is the 49% equity interests in the Target Company.

In July 2021, the Target Holding Company acquired 49% equity interests in the Target Company from Guangzhou Metro at an equity consideration of approximately RMB1,085 million. In November 2021 and December 2021, the Target Holding Company made further capital injection into the Target Company pro-rata to its shareholding for an aggregate amount of approximately RMB2,816 million.

FINANCIAL REVIEW

Revenue

As the sole asset (other than cash and cash equivalents) of the Target Holding Company is the 49% equity interest in the Target Company, hence no revenue was derived by the Target Holding Company during the Track Record Period.

Finance Costs

Finance costs represented the net interest expenses incurred for the interest bearing amounts due to ultimate holding company. For the period from 18 March 2021 to 31 December 2021 and one month ended 31 January 2022, the finance costs amounted to approximately RMB46,796,000 and RMB21,836,000, respectively.

Amount Due to Ultimate Holding Company

The non-current amount due to ultimate holding company represents the principal amount of the Target Holdco Loans being RMB3,901.25 million as at 31 January 2022, which is unsecured and interest bearing at 6.5% per annum and repayable in 2026. The current amount due to ultimate holding company represents the interest payable for the Target Holdco Loans being RMB68,632,000 as at 31 January 2022.

Pledge of Assets

No assets were pledged by the Target Holding Company as at 31 January 2022.

Contingent Liabilities

As at 31 January 2022, the Target Holding Company did not have any significant contingent liabilities.

Liquidity, Financial Resources and Capital Structure

As at 31 January 2022, the total equity and net current liabilities of the Target Holding Company amounted to approximately RMB59,947,000 and RMB58,202,000, respectively. The Target Holding Company will continue to be mainly financed by its shareholder through shareholder's loan.

MATERIAL CHANGE

Save for the Acquisition, the Directors confirm there had not been any material change in the financial or trading position or outlook of the Target Holding Company since 31 January 2022, being the date to which the latest audited financial statements of the Target Holding Company were made up, and up to and including the Latest Practicable Date.

LITIGATION

As at the Latest Practicable Date, the Target Holding Company was not engaged in any litigation or arbitration of material importance and, so far as the Directors were aware, there was no litigation or claim of material importance pending or threatened by or against the Target Holding Company.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma financial information of the Enlarged Group (the “Unaudited Pro Forma Financial Information”) has been prepared on the basis of the notes set out below and in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects on the consolidated statement of assets and liabilities of the Enlarged Group as if the Acquisition had been completed on 31 December 2021.

The Unaudited Pro Forma Financial Information has been prepared based on (i) the use of accounting policies consistent with that of the Group, as set out in the published annual report of the Group for the year ended 31 December 2021; (ii) the consolidated balance sheet of the Group as at 31 December 2021, as set out in its published 2021 annual report for the year ended 31 December 2021; (iii) the balance sheet of the Target Holding Company as at 31 January 2022; and (iv) the pro forma adjustments prepared to reflect the effects of the Acquisition as explained in the notes set out below that are directly attributable to the Acquisition and not relating to future events or decisions and are factually supportable.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors for illustrative purposes only and is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2021 or any future date.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

**(I) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP AS AT 31 DECEMBER 2021**

	The Group as at 31 December 2021	Pro forma adjustments				Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2021
		Target Holding Company as at 31 January 2022				
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>		
ASSETS						
Non-current assets						
Property, plant and equipment	3,896,133	—				3,896,133
Right-of-use assets	4,026,733	—				4,026,733
Investment properties	10,982,210	—				10,982,210
Intangible Assets	428,829	—				428,829
Properties under development	5,185,027	—				5,185,027
Interest in joint ventures	6,597,248	—				6,597,248
Interest in associates	16,951,174	3,899,501	90,347			20,941,022
Financial assets at fair value through other comprehensive income	1,033,583	—				1,033,583
Deferred tax assets	1,950,402	—				1,950,402
	<u>51,051,339</u>	<u>3,899,501</u>				<u>55,041,187</u>
Current assets						
Properties under development	153,720,888	—				153,720,888
Properties held for sale	26,639,579	—				26,639,579
Contract cost	1,201,153	—				1,201,153
Prepayments for land use rights	10,381,810	—				10,381,810
Trade receivable	125,785	—				125,785
Other receivables, prepayments and deposits	25,309,247	—	1,538,495			26,847,742
Prepaid taxation	4,926,038	—				4,926,038
Charged bank deposits	7,732,591	—				7,732,591
Cash and cash equivalents	32,766,455	10,432	(5,538,773)	(10,000)		27,228,114
	<u>262,803,546</u>	<u>10,432</u>	<u>(5,538,773)</u>	<u>(10,000)</u>		<u>258,803,700</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	Pro forma adjustments				Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2021
	The Group as at 31 December 2021	Target Holding Company as at 31 January 2022			
	<i>RMB'000</i> <i>Note 1</i>	<i>RMB'000</i> <i>Note 2</i>	<i>RMB'000</i> <i>Note 3</i>	<i>RMB'000</i> <i>Note 4</i>	
LIABILITIES					
Current liabilities					
Trade and note payables	1,612,842	—			1,612,842
Contract liabilities	73,177,086	—			73,177,086
Other payables and accrued charges	67,173,384	68,634	(68,634)		67,173,384
Borrowings	29,801,844	—			29,801,844
Lease liabilities	177,195	—			177,195
Taxation payable	10,678,441	—			10,678,441
	182,620,792	68,634			182,620,792
	-----	-----			-----
Non-current liabilities					
Borrowings	45,732,320	—			45,732,320
Lease liabilities	694,008	—			694,008
Deferred tax liabilities	5,955,143	—			5,955,143
Deferred revenue	50,241	—			50,241
Derivative financial instruments	411,599	—			411,599
Other payables	4,024,033	3,901,246	(3,901,246)		4,024,033
	56,867,344	3,901,246			56,867,344
	-----	-----			-----
Net assets	74,366,749	(59,947)			74,356,751

Notes:

1. The balances are extracted from the consolidated balance sheet of the Group as at 31 December 2021 as set out in the Company's published annual result announcement on the financial information for the year ended 31 December 2021.
2. The balances are extracted from the audited balance sheet of the Target Holding Company as at 31 January 2022 as set out in Appendix II to this Circular.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

3. The Acquisition

The Acquisition represents the acquisition of the Target Holding Company by the Company, which will be satisfied by total cash consideration of approximately RMB5,005 million to GZYX. The cash consideration of the Acquisition comprises:

- RMB30 million, being the Equity Consideration for the Acquisition; and
- RMB4,975 million, being the loan consideration, which represents the principal amount of RMB4,735 million and accrued interest of RMB240 million calculated up to 14 August 2022 (being the day prior to the date of completion of the Loan Rights Acquisition) pursuant to the Transaction Documents. The interest is accrued at 6.5% per annum from the respective dates when such loans were made up to the day prior to the date of completion of the Loan Rights Acquisition.

	<i>Note</i>	<i>RMB'000</i>
Equity Consideration		30,400
Loan Consideration - principal		4,735,330
- Target Holding Company		3,901,246
- Target Company		834,084
Loan Consideration - interest accrued up to 14 August 2022		239,583
- Target Holding Company		205,989
- Target Company		<u>33,594</u>
 Total Consideration		 <u><u>5,005,313</u></u>
 Loan Consideration - principal		 4,735,330
Less: Further Target Company Loan	(i)	(29,400)
Add: Repayment of Target Company Loan	(i)	<u>637,000</u>
 Loans provided by GZYX as at 31 January 2022		 <u>5,342,930</u>
 Loan Consideration - interest accrued up to 14 August 2022		 239,583
Less: Interest accrued from 1 February 2022 to 14 August 2022	(i)	(173,155)
Add: Repayment of interest	(i)	<u>99,015</u>
 Interest accrued to GZYX as at 31 January 2022		 <u>165,443</u>
 Loan Consideration as at 31 January 2022		 <u><u>5,508,373</u></u>
 Total Consideration as at 31 January 2022		 <u><u>5,538,773</u></u>

Notes:

- (i) Further Target Company Loan will be borrowed by the Target Company after 31 January 2022 and up to the expected completion date. The Target company will repay certain Target Company Loan and related interest payables amounting to RMB736 million after 31 January 2022 and up to the expected completion date. For the purpose of Unaudited Pro Forma Financial Information and for illustrative purpose, the loan borrowed and repaid by the Target Company after 31 January 2022 and the interest accrued and settled after 31 January 2022 shall be excluded.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Holding Company will be accounted for as acquisitions of assets and liabilities in accordance with the amendments to Hong Kong Financial Reporting Standard 3 (Revised) “Business Combination” (“HKFRS 3”) “Definition of Business”. For the purpose of the Unaudited Pro Forma Financial Information, the Company has identified and recognised the individual identifiable assets acquired and liabilities assumed at fair value. The cost of the Acquisition shall be allocated to individual identifiable assets and liabilities of the Target Holding Company on the basis of their respective fair values at the date of the Acquisition, as follows:

		Fair value adjustment	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interests in associate (Note (i))	3,899,501	90,347	3,989,848
Cash and cash equivalents	10,432		10,432
Other payables and accrued charges	<u>(3,969,880)</u>		<u>(3,969,880)</u>
	<u>(59,947)</u>		<u>30,400</u>
Equity Consideration			<u>30,400</u>

Note:

- (i) For the purpose of Unaudited Pro Forma Financial Information, the Directors have identified the identified assets acquired and liabilities assumed. The initial costs recognised in interest in associate of the Target Holding Company as at 31 January 2022 are allocated by reference to a valuation carried out by an independent valuer of the Company.

Since (i) the Loan Consideration, (ii) the identifiable assets and liabilities of the Target Holding Company at the date of completion may substantially differ from those used in the preparation of this Unaudited Pro Forma Financial Information, the Loan Consideration and calculation result relating to the Acquisition at the date of completion may be substantially different from the corresponding amounts presented in this Unaudited Pro Forma Financial Information.

- The adjustment represents the estimated amounts regarding the legal and professional fees and other expenses incurred for the Acquisition of approximately RMB10 million.
- Apart from the above, no adjustments have been made to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2021 or the Target Holding Company subsequent to 31 January 2022.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Yuexiu Property Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yuexiu Property Company Limited (the “Company”) and its subsidiaries (collectively the “Group”), Guangzhou Quanli Property Co., Ltd (the “Target Holding Company”) (collectively the “Enlarged Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2021 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages IV-1 to IV-5 of the Company’s circular dated 22 April 2022, in connection with the acquisitions of the Target Holding Company (the “Acquisition”) by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-5.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group’s financial position as at 31 December 2021 as if the Acquisition had taken place at 31 December 2021. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 31 December 2021, on which an audit report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 31 December 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

22 April 2022

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with their valuation as at 31 January 2022 of the Target Holding Company.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

22 April 2022

The Directors
Yuexiu Property Company Limited
26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

Re: Valuation of the entire equity interest in 廣州市泉力實業發展有限公司

In accordance with the instructions of Yuexiu Property Company Limited (the “Company”) to us to conduct a valuation of the entire equity interest in 廣州市泉力實業發展有限公司 (Guangzhou Quanli Property Co., Ltd.*) (referred to as the “Target Holding Company”), we are pleased to report that we have made relevant enquiries and obtained necessary information for the purpose of providing you with our valuation as at 31 January 2022 (hereinafter referred to as the “Valuation Date”).

The Target Holding Company is an indirect wholly-owned subsidiary of 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited*) which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of the Company.

* for identification purpose only

This report states the purpose and basis of valuation, scope of work, source of information, major assumptions, valuation methodology, limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

The purpose of this valuation is to value the entire equity interest in the Target Holding Company for transaction reference purpose of the Company only.

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If any party chooses to rely in any way on the contents of this report, they do so entirely at their own risk.

2. BASIS OF VALUATION

We have carried out the valuation on the basis of market value in accordance with the International Valuation Standards. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, and/or their representatives (together referred to as the “Management”).

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted bases and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of the Target Holding Company;
- Examined the relevant bases and assumptions of the financial information in respect of the Target Holding Company;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Presented the purpose and basis of valuation, scope of work, company background, source of information, major assumptions, valuation methodology and our opinion of value in this report.

4. COMPANY BACKGROUND

The Target Holding Company was established in the People’s Republic of China (the “PRC”) in 2021. The Target Holding Company owns 49% equity interest in 廣州市品臻房地產開發有限公司 (Guangzhou Pinzhen Property Development Co., Ltd.*) (the “Target Company”). The Target Company is principally engaged in the development of the Pazhou South Project located on the south side of Pazhou West District in the Haizhu District, Guangzhou (the “Pazhou South Project”).

The audited balance sheet of the Target Holding Company and the Target Company as at 31 January 2022 was as follows:

The Target Holding Company

As at 31 January 2022 *(in RMB '000)*

Cash and cash equivalents	10,432
Total current assets	10,432
Interest in an associate	3,899,501
Total non-current assets	3,899,501
Total assets	3,909,933
Amount due to ultimate holding company	68,632
Amount due to a fellow subsidiary	2
Total current liabilities	68,634
Amount due to ultimate holding company	3,901,246
Total non-current liabilities	3,901,246
Total liabilities	3,969,880

The Target Company

As at 31 January 2022 *(in RMB '000)*

Cash and cash equivalents	9,788
Other receivables	80,028
Properties under development	1,823,441
Total current assets	1,913,257
Property, plant, and equipment	39
Properties under development	7,909,382
Deferred tax assets	12,915
Total non-current assets	7,922,336
Total assets	9,835,593
Amount due to ultimate holding company	100,762
Amount due to non-controlling interests	96,811
Other payables and accrued charges	50,928
Total current liabilities	248,501
Borrowings	927,226
Amount due to ultimate holding company	1,500,528
Amount due to non-controlling interests	1,441,683
Total non-current liabilities	3,869,437
Total liabilities	4,117,938

5. SOURCE OF INFORMATION

In arriving at our assessment of the value of the entire equity interest in the Target Holding Company, we have relied on the following information that was provided to us by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Copies of business licenses and other relevant documents of the Target Holding Company and the Target Company;
- The audited financial statement and related financial information of the Target Holding Company and the Target Company as at 31 January 2022 provided by the Management; and
- Other public information relating to the valuation.

6. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;
- There will be no major change in the current taxation laws in the localities in which the Target Holding Company and the Target Company operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Holding Company and the Target Company operate or intend to operate, which would adversely affect the revenues attributable to and profitability of the Target Holding Company and the Target Company;
- The core business operation of the Target Holding Company and the Target Company will not differ materially from those of present or expected; and
- The information regarding the Target Holding Company and the Target Company provided by the Management is true and accurate.

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the entire equity interest in the Target Holding Company, namely the market approach, the income approach and the asset-based approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

Market Approach

The market approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. The market approach comprises two methods namely guideline (or comparable) company method and similar transaction method.

The guideline company method focuses on analyzing the data and valuation multiples of companies that can be considered comparable to those being valued. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. Finally, appropriate valuation multiples are applied to the subject company's normalized financial data to arrive at an indication of the value of the subject company.

The similar transaction method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. When the similar transaction method is utilized, data are collected on the prices paid for reasonably comparable companies. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. The application of the similar transaction method results in an estimate of the price reasonably expected to be realized from the sale of the company.

Income Approach

The income approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset-Based Approach

The asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital. In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity and investors who lend money to the business entity. After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

Selection of Valuation Methodology

The selection of a valuation approach is based on, among others, the quantity and quality of information provided, access to available data, availability of relevant market transactions, type and nature of subject assets, purpose and objective of the valuation and professional judgment and technical expertise. Among the three approaches, we consider that asset-based approach is more appropriate to value the equity of the Target Holding Company as the main assets owned by the Target Holding Company are real estate assets.

Valuation Summary

The adopted values and valuation methodologies for each of the balance sheet items of the Target Holding Company and the Target Company are listed below:

The Target Holding Company

As at 31 January 2022	Market Value <i>(in RMB '000)</i>	Remark
Cash and cash equivalents	10,432	1
Total current assets	10,432	
Interest in an associate	3,996,672	2
Total non-current assets	3,996,672	
Total assets	4,007,104	
Amount due to a fellow subsidiary	2	1
Amount due to ultimate holding company	68,632	1
Total current liabilities	68,634	
Amount due to ultimate holding company	3,901,246	1
Deferred tax liabilities	6,806	3
Total non-current liabilities	3,908,052	
Total liabilities	3,976,686	
Equity	30,400	(Rounded)

Remarks:

1. Book values shown on the financial statement of the Target Holding Company as at 31 January 2022 were stated as that in the audit report.
2. The value of interest in an associate is the fair value of 49% equity interest in the Target Company.
3. The value of deferred tax liabilities is the provision for the deferred tax on surplus arising from the valuation of interest in an associate after considering losses carried forward (assuming a prevailing tax rate of 25%)

The Target Company

As at 31 January 2022	Market Value <i>(in RMB '000)</i>	Remark
Cash and cash equivalents	9,788	1
Other receivables	80,028	1
Properties under development	13,021,600	2
Total current assets	13,111,416	
Property, plant, and equipment	39	1
Properties under development	—	2
Deferred tax assets	12,915	1
Total non-current assets	12,954	
Total assets	13,124,370	
Amount due to ultimate holding company	100,762	1
Amount due to non-controlling interests	96,811	1
Other payables and accrued charges	50,928	1
Total current liabilities	248,501	
Borrowings	927,226	1
Amount due to ultimate holding company	1,500,528	1
Amount due to non-controlling interests	1,441,683	1
Deferred tax liabilities	812,939	3
Provision for land appreciation tax	37,019	4
Total non-current liabilities	4,719,396	
Total liabilities	4,967,897	
Equity	8,156,473	
49% Equity	3,996,672	

Remarks:

1. Book values shown on the financial statement of the Target Company as at 31 January 2022 were stated as that in the audit report.
2. For fair value of properties under development, please refer to Valuation Report on the Pazhou South Project prepared by Cushman & Wakefield Limited as set out in Appendix VB to the circular.
3. The value of deferred tax liabilities is the provision for the deferred tax on surplus arising from the valuation of properties under development that were for sale purposes after deduction of accrued land appreciation tax (assuming a prevailing tax rate of 25%).
4. The fair value of provision for land appreciation tax is the provision for tax on surplus arising from the valuation of properties under development that were for sale purposes.

8. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management, including written information and oral representation, in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the stock market. It is expected that valuation will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of shares will be longer than normal. There will be less certainty as to how long a valuation may sustain and financial situation may fluctuate rapidly and materially over a short period of time. Our valuation is valid only at the valuation date and any subsequent changes in market conditions as well as the resulting impacts on share prices after the valuation date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that share prices may or may not have changed since the valuation date.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

9. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Holding Company, the Target Company or the value reported herein.

10. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the entire equity interest in the Target Holding Company as at the Valuation Date is, in our opinion, reasonably estimated as **RMB30,400,000 (RENMINBI THIRTY MILLION FOUR HUNDRED THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip Tsang
Registered Business Valuer registered with
the Hong Kong Business Valuation Forum
MSc, MHKIS
Director, Valuation & Advisory Services

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Bruce Oong
CPA
Senior Director, Valuation & Advisory Services

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Pazhou South Project in the PRC as at 31 January 2022.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

22 April 2022

The Directors
Yuexiu Property Company Limited
26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

Re: The Pazhou South Project located at the South of Susha West Road and the West of Susha Road, South side of Pazhou West District, Haizhu District, Guangzhou, Guangdong Province, the People's Republic of China

中國廣東省廣州市海珠區琶洲西區南側蘇沙西路以南蘇沙路以西琶洲南項目
(the "Pazhou South Project")

Instructions, Purpose & Valuation Date

In accordance with the instructions of **Yuexiu Property Company Limited** (the "Company") for us to value the Pazhou South Project held by 廣州市品臻房地產開發有限公司 (Guangzhou Pinzhen Property Development Co., Ltd.*) (the "Target Company") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value in existing state of the Pazhou South Project as at 31 January 2022 (the "Valuation Date").

* For identification only

Definition of Market Value

Our valuation of the Pazhou South Project represent its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis & Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Pazhou South Project situated in the PRC, with reference to the PRC Due Diligence Report prepared by the Company’s PRC legal adviser, King & Wood Mallesons (金杜律師事務所), the “PRC Legal Opinion”, we have prepared our valuation on the basis that transferable land use rights in respect of the Pazhou South Project for its specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC Legal Opinion, regarding the title to the Pazhou South Project and the interest in the Pazhou South Project. In valuing the Pazhou South Project, we have prepared our valuation on the basis that the owner has enforceable title to the Pazhou South Project and have free and uninterrupted rights to use, occupy or assign the Pazhou South Project for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Pazhou South Project nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Pazhou South Project is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Method of Valuation

We have valued the Pazhou South Project on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Company. We have valued on the basis that all consents, approvals, and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays; that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuation, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market and, where appropriate, have also taken into account the expended construction costs as well as the costs that will be expended to complete the development. The “market value when completed” represents our opinion of the aggregate value of the development assuming that it was completed as of the Valuation Date.

The method is in line with the market practice.

In valuing the Pazhou South Project, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

Source of Information

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Pazhou South Project, particulars of occupancy, development scheme, construction cost, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation reports are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies of documents in relation to the current title to the Pazhou South Project. However, we have not been able to conduct searches to verify the ownership of the Pazhou South Project; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Pazhou South Project in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Company. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our Guangzhou Office valuer, Mr. Andy He (15 years of property valuation experience, MRICS) and Ms. Kelly Wu (3 years of property valuation experience), have inspected the exterior and, wherever possible, the interior of the Pazhou South Project in February 2022. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Pazhou South Project are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Pazhou South Project and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency and Exchange Rate

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC.

Market Volatility

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Pazhou South Project is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Pazhou South Project or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith the valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 29 years' experience in the valuation of properties in the PRC.

APPENDIX VB VALUATION REPORT ON THE PAZHOU SOUTH PROJECT

VALUATION REPORT

Property held under development by the Target Company in the PRC

The Pazhou South Project	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2022
<p>The Pazhou South Project located at the South of Susha West Road and the West of Susha Road, South side of Pazhou West District, Haizhu District, Guangzhou, Guangdong Province, the PRC</p> <p>中國廣東省廣州市海珠區琶洲西區南側蘇沙西路以南蘇沙路以西琶洲南項目</p>	<p>The Pazhou South Project comprises a parcel of land with a site area of 110,924 sq.m. and a plot ratio accountable GFA of 304,000 sq.m. on which residential and commercial properties can be developed.</p> <p>The Pazhou South Project is located is located on the South side of Pazhou West District in the Haizhu District, Guangzhou. The Pazhou South Project a transit-oriented development (TOD) project and is located approximately 200 metres from the Chisha station of the metro line No. 12, which is expected to commence service in 2023.</p> <p>According to the Company, the Pazhou South Project is for commercial and residential uses; there is no environmental issues and litigation dispute; there is no plan to change the use of the Pazhou South Project.</p> <p>The land use rights of the Pazhou South Project have been granted for land use terms, commenced from 21 May 2021, of 70 years for residential use, 40 years for commercial use, 50 years for composite or other uses respectively.</p>	<p>The construction of the Pazhou South Project has commenced in June 2021.</p> <p>As at the Valuation Date, the Pazhou South Project was under construction and scheduled for completion in August 2024.</p>	<p>RMB13,021,600,000</p> <p>(RENMINBI THIRTY BILLION TWENTY ONE MILLION SIX HUNDRED THOUSAND)</p>

Notes:

- (1) According to Real Estate Title Certificate No.00134733 dated 21 December 2021, the land use rights of the Pazhou South Project with a site area of 110,924 sq.m. was vested in the Target Company with land use terms commenced from 21 May 2021, of 70 years for residential use, 40 years for commercial use, 50 years for composite or other uses respectively.

APPENDIX VB VALUATION REPORT ON THE PAZHOU SOUTH PROJECT

- (2) According to State-owned Land Use Rights Grant Contract No. 440105-2021-000004 dated 4 March 2021 and its Supplement Contract dated 13 April 2021, the land use rights of the Land is granted as below:

Grantee:	The Target Company
Site Area:	110,924 sq.m.
Uses:	Urban residential land/catering land/retail commercial land/business finance land/other commercial land
Land Use Term:	70 years for residential use 40 years for commercial use 50 years for composite or other uses
Land Premium:	RMB8,234,300,000
Plot Ratio:	Not higher than 2.74
Gross Floor Area:	304,000 sq.m.
Building Covenant:	Commence construction before 4 June 2022; Complete construction before 4 June 2025.

- (3) According to a Construction Land Planning Permit No. [2021]203 dated 13 April 2021, permissions towards the planning of a parcel of land with a site area of 110,924 sq.m. have been granted to the Target Company.
- (4) According to 6 Construction Works Planning Permits Nos. [2021]6379, [2021]6414, [2021]6928, [2021]6381, [2022]252 and [2022]258, the construction works of the Pazhou South Project with a total gross floor area of 83,896.62 sq.m are in compliance with the requirement of urban planning and have been permitted.
- (5) According to 5 Construction Works Commencement Permits Nos. 440105202106070101, 440105202111010101, 440105202112010101, 440105202201280301 and 440105202201050201, permissions by the relevant local authority were given to commence the construction of A1, A8, and A9 residential parts, B1 commercial parts, and the basement of A1, B1, A8, and A9. The total gross floor area is approximate 97,691.86 sq.m.
- (6) As advised by the Company, the total development cost (excluding the land cost) of the Pazhou South Project is estimated to be approximately RMB13,880,911,000; part of the development cost in sum of approximately RMB1,167,360,407 has been expended for the Pazhou South Project as at Valuation Date. In the course of our valuation, we have taken into account the said development cost.
- (7) The market value of the Pazhou South Project when completed is estimated approximately at RMB31,512,000,000.
- (8) According to Business Licence No. 91440101MA9W9QY41A dated 20 July 2021, the Target Company was established on 10 March 2021 as a limited liability company with a registered capital of RMB5,756,400,000.
- (9) According to the PRC Legal Opinion:
- (i) The Target Company has obtained Real Estate Title Certificate for the land with site area of 110,924 sq.m. with land use terms commenced from 21 May 2021, of 70 years for residential use, 40 years for commercial use, 50 years for composite or other uses respectively;
 - (ii) The Target Company has fully settled the land premium of the land;
 - (iii) The land is subject to mortgage in favour of China Merchants Bank Co., Ltd. Guangzhou Branch;
 - (iv) The Target Company has obtained construction approval for part of the development.

APPENDIX VB VALUATION REPORT ON THE PAZHOU SOUTH PROJECT

(10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Real Estate Title Certificate (Land)	Yes
State-owned Land Use Rights Grant Contract and its Supplement Contract	Yes
Construction Land Planning Permit	Yes
Construction Works Planning Permit	Yes (Part)
Construction Works Commencement Permit	Yes (Part)
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the shares and underlying shares

Name of Director	Capacity in which interests are held	Number of Shares	% of the total number of issued Shares as at the Latest Practicable Date
Lin Zhaoyuan (<i>Note 1</i>)	Beneficial owner/ Beneficiary of a trust	2,226,199	0.072
Lin Feng (<i>Note 2</i>)	Beneficial owner/ Beneficiary of a trust/Spouse interest	2,557,626	0.083
Li Feng	Beneficial owner	34,580	0.001
Liu Yan	Beneficial owner	3,400	0.0001
Yu Lup Fat Joseph	Beneficial owner	800,000	0.026
Lee Ka Lun	Beneficial owner	640,000	0.021
Lau Hon Chuen Ambrose	Beneficial owner	968,240	0.031

Note 1: Mr. Lin Zhaoyuan is interested in 2,226,199 Shares, out of which 948,480 Shares are owned by him as beneficial owner, 1,277,719 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

Note 2: Mr. Lin Feng is interested in 2,557,626 Shares, out of which 1,308,520 Shares are owned by him as beneficial owner, 1,229,106 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 20,000 Shares are held by his spouse.

Long positions in the shares and underlying shares of associated corporations

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of Shares in associated corporation	% of the total number of issued Shares in associated corporation as at the Latest Practicable Date
Lin Zhaoyuan	Yuexiu Transport Infrastructure Limited	Beneficial owner	120	0.00001
Liu Yan	Yuexiu Transport Infrastructure Limited	Beneficial owner	485	0.00003
Lau Hon Chuen Ambrose	Yuexiu Transport Infrastructure Limited	Beneficial owner	195,720	0.012

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its other associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

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

Long position in the shares and underlying shares

Name	Capacity in which interests are held	Number of Shares	% of the total number of issued Shares as at the Latest Practicable Date
GZYY (Note 1)	Interests of controlled corporations	1,231,889,530	39.78
Yue Xiu Enterprises (Holding) Limited	Interests of controlled corporations	1,231,889,530	39.78
Guangzhou Metro (Note 2)	Interests of controlled corporations	616,194,761	19.90

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

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

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

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

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

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

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or to be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Interests in contracts

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and which was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. LITIGATION

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

7. MATERIAL CONTRACTS OF THE GROUP

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

- (1) the Transaction Documents;
- (2) the deed dated 24 October 2021 and entered into between Yuexiu REIT 2018 Company Limited (a special purpose vehicle of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”)), Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司 (a direct wholly-owned subsidiary of the Company) and the Company in respect of the disposal of the entire equity interest in Gain Force Investments Ltd. for a consideration of approximately RMB7,792,834,000 (assuming the completion took place on 31 August 2021);
- (3) the second supplemental indebtedness agreement dated 24 October 2021 entered into between the Company (as assignor), HSBC Institutional Trust Services (Asia) Limited and Yuexiu REIT Asset Management Limited (the “**Manager**”) in respect of the deferred units arrangements modification;
- (4) the irrevocable undertaking dated 24 October 2021 given by Yue Xiu Enterprises (Holdings) Limited (“**YXE**”) and the Company to the Manager, whereby YXE and the Company undertook to, among other things, maintain their respect beneficial unitholding in Yuexiu REIT of 71,261,585 units and 1,289,767,022 units, respectively, up to and including the rights issue record date and to accept and pay for, or procure the acceptance and payment for, Yue Xiu entitlement units and the Company entitlement units provisionally allotted to each of them under the rights issue;

- (5) the equity transfer agreement dated 23 July 2021 entered into between 廣州越秀華城房地產開發有限公司 (Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd.*) (a 95.48% subsidiary of the Company) (as purchaser) and GZYYX (as seller) for the acquisition of 98% equity interest in 廣州市佰城投資發展有限公司 (Guangzhou Bai Cheng Investment Development Co. Ltd.*) for a consideration of approximately RMB1,873,596,000;
- (6) the equity transfer agreement dated 31 May 2021 entered into between 廣州城建開發南沙房地產有限公司(Guangzhou Construction & Development Nansha Property Co. Ltd.*) (a 95.475% subsidiary of the Company) (as purchaser) and 廣州越秀明睿三號實業投資合夥企業(有限合夥)(Guangzhou Ming Rui No. 3 Business Investment Enterprise (Limited Partnership)*) (as seller) for the acquisition of 90% equity interest in 廣州越璟房地產開發有限公司(Guangzhou Yuejing Property Development Co. Ltd.*) for a consideration of RMB2.621 billion; and
- (7) the equity transfer agreement dated 23 November 2020 entered into between 廣州越秀物業發展有限公司 (Guangzhou Yuexiu Property Development Co., Ltd.*) (a company which is an indirect wholly-owned subsidiary of the Company) (as purchaser) and Guangzhou Metro (as seller) for the acquisition of 67.0% equity interest in 廣州地鐵環境工程有限公司 (Guangzhou Metro Environmental Engineering Co., Ltd.*) and 67.0% indirect effective equity interest in 廣州地鐵物業管理有限責任公司 (Guangzhou Metro Property Management Co., Ltd.*) for a consideration of RMB281.74 million (including tax payable of RMB5.0 million).

8. MATERIAL ADVERSE CHANGE

The Directors confirm there had not been any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up to, up to and including the Latest Practicable Date.

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are qualifications of the expert who has given its opinion or advice which is included in this circular:

Name	Qualification
Maxa Capital Limited	a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Cushman & Wakefield Limited	Independent property valuer and independent valuer

As at the Latest Practicable Date, none of Maxa Capital Limited, PricewaterhouseCoopers or Cushman & Wakefield Limited had any shareholding, directly or indirectly in any member of the Group, nor did any of them have any right (whether legally enforceable or not) to subscribed for or to nominate persons to subscribe for securities in any member of the Group, nor did any of them have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired to disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

Each of Maxa Capital Limited, PricewaterhouseCoopers and Cushman & Wakefield Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and/or reports and/or references to its name in the form and context in which they respectively appear.

10. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.yuexiuproperty.com>) for a period of 14 days from the date of this circular:

- (a) the Transaction Documents;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 24 to 37 of this circular;
- (c) the accountant's report from PricewaterhouseCoopers in respect of the financial information of the Target Holding Company, the text of which are set out in Appendix II to this circular;
- (d) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;
- (e) the valuation report from the Independent Valuer in respect of the valuation on the Target Holding Company as set out in Appendix VA of this circular;
- (f) the valuation report from the Independent Valuer in respect of the valuation on the Pazhou South Project as set out in Appendix VB of this circular; and
- (g) the written consents referred to in the paragraph headed "Experts' Qualifications and Consents" in this Appendix VI.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Yu Tat Fung, a Solicitor of the High Court of Hong Kong.
- (b) The registered office of the Company is located at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.
- (c) The share registrar of the Company is Tricor Abacus Limited, which is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The authorized representatives of the Company are Ms. Chen Jing, executive Director and Mr. Yu Tat Fung, company secretary.
- (e) The auditor of the Company is PricewaterhouseCoopers, which is located at 22/F, Prince's Building, Central, Hong Kong.
- (f) The English texts of this circular shall prevail over the Chinese texts.

* *For identification purpose only*

NOTICE OF GENERAL MEETING



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

(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “**Meeting**”) of Yuexiu Property Company Limited (the “**Company**”) will be held at Island Ballroom A (Level 5), Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 18 May 2022 at 11:00 a.m. for the purpose of considering, if thought fit, passing, with or without modification, the following resolutions. Words and expressions that are not expressly defined in this notice of general meeting shall bear the same meaning as that defined in the shareholder circular dated 22 April 2022 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. THE ACQUISITION

“**THAT:**

- (a) each of the Transaction Documents and the consummation of transactions contemplated thereunder (namely, the Acquisition) as more particularly described in the Circular and on the terms and conditions set out in the Transaction Documents be hereby approved, ratified and confirmed;
- (b) any one Director be and is hereby authorized, for and on behalf of the Company, to complete and do all such acts or things (including signing and executing all such documents, instruments and agreements as may be required, including under seal where applicable) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the Transaction Documents and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

2. RE-ELECTION OF DIRECTOR

“**THAT** Mr. Zhang Yibing be re-elected as a non-executive Director and the board of Directors be authorised to fix his remuneration.”

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

Hong Kong, 22 April 2022

NOTICE OF GENERAL MEETING

Registered Office:

26th Floor, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorized to sign the same.
- (3) In order to be valid, the completed proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof (as the case may be).
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the registered of members of the Company in respect of the share(s) shall be accepted to the exclusion of the votes of the other joint registered holders.
- (6) The registered of members of the Company will be closed from Monday, 16 May 2022 to Wednesday, 18 May 2022, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the general meeting of the Company to held on Wednesday, 18 May 2022, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (7) In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the Meeting, the Company will implement certain precautionary measures at the Meeting. Please refer to the Circular for further details.