

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

If you have sold or transferred all your Shares in Yuexiu Services Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

**CONTINUING CONNECTED TRANSACTIONS —
(1) 2025 PROPERTY MANAGEMENT AND VALUE-ADDED
SERVICES FRAMEWORK AGREEMENT; AND
(2) 2025 PROCUREMENT FRAMEWORK AGREEMENT
(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 letter from the Board is set out on pages 6 to 23 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from Maxa Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 56 of this circular.

A notice convening the general meeting of the Company to be held at Plaza I–IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 20 December 2024 at 11:00 a.m. is set out on pages 61 to 63 of this circular. Whether or not you are able to attend and vote at the general meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the general meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting at the general meeting or any adjourned meeting if you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	24
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	26
APPENDIX — GENERAL INFORMATION	57
NOTICE OF GENERAL MEETING	61

DEFINITIONS

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

“2022 Announcement”	the announcement published by the Company on 23 November 2022 regarding its continuing connected transactions
“2022 Intelligent Services Framework Agreement”	the intelligent services framework agreement entered into among the Company, GZYY and Yuexiu Property on 20 May 2022 in relation to the provision of Intelligent Services by the Company and/or its subsidiaries to GZYY and Yuexiu Property and their respective associates
“2022 Intelligent Services Framework Agreement Announcement”	the announcement published by the Company on 20 May 2022 regarding its continuing connected transactions regarding the 2022 Intelligent Services Framework Agreement
“2022 Procurement Framework Agreement”	the framework agreement entered into between the Company and GZYY on 22 November 2022 pursuant to which the Group may purchase from GZYY and its associates the procured products
“2022 Property Management and Value-Added Services Framework Agreement”	the framework agreement entered into among the Company, GZYY and Yuexiu Property on 22 November 2022 for the provision of Property Management and Value-Added Services by the Group to GZYY, Yuexiu Property and their respective associates
“2025 Procurement Framework Agreement”	the framework agreement entered into between the Company, GZYY and Yuexiu Property on 21 November 2024 pursuant to which the Group may purchase from GZYY, Yuexiu Property and their respective associates the Relevant Procured Products and Services
“2025 Property Management and Value-Added Services Framework Agreement”	the framework agreement entered into among the Company, GZYY and Yuexiu Property on 21 November 2024 for the provision of Property Management and Value-Added Services by the Group to GZYY, Yuexiu Property and their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro))
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors

DEFINITIONS

“Company”	Yuexiu Services Group Limited (越秀服務集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6626)
“Commercial Operation and Management Services”	has the meaning given to it in the section headed “(1) Continuing Connected Transaction — 2025 Property Management and Value-Added Services Framework Agreement”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GCD China”	Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), a company incorporated in the British Virgin Islands with limited liability and is directly wholly owned by Yuexiu Property. GCD China is a controlling shareholder of the Company
“General Meeting”	the general meeting of the Company to be convened to consider and, if thought fit, to approve the 2025 Property Management and Value-Added Services Framework Agreement, the 2025 Procurement Framework Agreement and transactions contemplated thereunder (including the proposed annual caps)
“GFA”	gross floor area
“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	the Company and its subsidiaries
“GZ Metro”	Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“GZM & YXP JVs”	refers to the companies jointly held, directly or indirectly, by GZ Metro and Yuexiu Property and each of which is a non wholly-owned subsidiary of Yuexiu Property and held, directly or indirectly, as to 10% or more by GZ Metro (excluding any indirect interests in such subsidiary held through Yuexiu Property)

DEFINITIONS

“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a company established in the PRC with limited liability, which is majority owned by the Guangzhou Municipal People’s Government of the PRC and is the ultimate controlling shareholder of Yuexiu Property and the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Hung Shing Ming, Ms. Hui Lai Kwan and Mr. Leung Yiu Man
“Independent Financial Adviser”	Maxa Capital Limited, a corporation licenced to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement
“Independent Shareholders”	the Shareholders who are not prohibited from voting at the General Meeting in respect of the 2025 Property Management and Value-Added Services Framework Agreement, the 2025 Procurement Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Third Parties”	any entity or person who is not a connected person of the Company
“Intelligent Services”	the services provided under the 2022 Intelligent Services Framework Agreement
“Latest Practicable Date”	29 November 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Market Positioning Consultancy and Tenant Sourcing Services”	has the meaning given to it in the section headed “(1) Continuing Connected Transaction — 2025 Property Management and Value-Added Services Framework Agreement”
“Notice of General Meeting”	the notice included in this circular in respect of the General Meeting to consider and, if though fit, approve the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Management and Value-Added Services”	has the meaning given to it in the section headed “(1) Continuing Connected Transaction — 2025 Property Management and Value-Added Services Framework Agreement”
“Property Management Services”	has the meaning given to it in the section headed “(1) Continuing Connected Transaction — 2025 Property Management and Value-Added Services Framework Agreement”
“Relevant Procured Products and Services”	has the meaning given to it in the section headed “(2) Continuing Connected Transaction — 2025 Procurement Framework Agreement”
“RMB”	renminbi, the lawful currency of the PRC
“Share Option Scheme”	Share option incentive scheme adopted by the Company pursuant to the ordinary resolution of the Shareholders passed on 15 February 2023
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holders of the shares in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Value-added Services”	has the meaning given to it in the section headed “(1) Continuing Connected Transaction — 2025 Property Management and Value-Added Services Framework Agreement”

DEFINITIONS

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

“%” per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



越秀服務集團有限公司
YUEXIU SERVICES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 06626)

Executive Directors:

WANG Jianhui
ZHANG Chenghao
ZHANG Jin

Registered office:

26/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Non-executive Directors:

ZHU Huisong (*Chairman of the Board*)
ZHANG Jianguo
YANG Zhaoxuan

Independent Non-executive Directors:

HUNG Shing Ming
HUI Lai Kwan
LEUNG Yiu Man

5 December 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
(1) 2025 PROPERTY MANAGEMENT AND VALUE-ADDED
SERVICES FRAMEWORK AGREEMENT; AND
(2) 2025 PROCUREMENT FRAMEWORK AGREEMENT; AND
(3) NOTICE OF GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 21 November 2024 in relation to, among other things, the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) further information on the details of each of the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee to the Independent

LETTER FROM THE BOARD

Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the General Meeting.

(1) CONTINUING CONNECTED TRANSACTION — 2025 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

Reference is made to the 2022 Announcement in relation to the 2022 Property Management and Value-Added Services Framework Agreement and the 2022 Intelligent Services Framework Agreement Announcement in relation to the 2022 Intelligent Services Framework Agreement. As the 2022 Property Management and Value-Added Services Framework Agreement and the 2022 Intelligent Services Framework Agreement will expire on 31 December 2024, on 21 November 2024, the Company entered into the 2025 Property Management and Value-Added Services Framework Agreement with GZYY and Yuexiu Property, pursuant to which the Group may provide, and GZYY, Yuexiu Property and their respective associates may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement (being the date on which the conditions precedent are fulfilled but in any event no earlier than 1 January 2025) and ending on 31 December 2027. To streamline the management of future connected transactions in respect of the provision of Property Management and Value-Added Services by the Group to GZYY, Yuexiu Property and their respective associates, the Company has consolidated the 2022 Property Management Services Framework Agreement and the 2022 Intelligent Services Framework Agreement into the 2025 Property Management and Value-Added Services Framework Agreement.

Principal Terms

The principal terms of the 2025 Property Management and Value-Added Services Framework Agreement are as follows:

- | | |
|----------|--|
| Date: | 21 November 2024 |
| Parties: | (a) the Company (as service provider); |
| | (b) GZYY (as service user); and |
| | (c) Yuexiu Property (as service user) |

LETTER FROM THE BOARD

Conditions precedent: The 2025 Property Management and Value-Added Services Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers (as the case may be and where applicable) for the entering into of the 2025 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including but not limited to the approval by the Independent Shareholders of the 2025 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the General Meeting.

If the conditions precedent are not fulfilled on or before 31 March 2025 or such other date as the Company, GZYS and Yuexiu Property may agree in writing, the 2025 Property Management and Value-Added Services Framework Agreement shall terminate with immediate effect without liability on any of the parties thereto.

Term: The term of the 2025 Property Management and Value-Added Services Framework Agreement shall commence on the date on which all conditions precedent are fulfilled (but in any event no earlier than 1 January 2025) and shall continue up to and including 31 December 2027.

Subject to compliance with the Listing Rules, the 2025 Property Management and Value-Added Services Framework Agreement may be renewed by the Company, GZYS and Yuexiu Property by agreement in writing.

LETTER FROM THE BOARD

Service scope:

The Group may provide property management services and value-added services (the “**Property Management and Value-Added Services**”) to properties owned, operated or used by GZYY, Yuexiu Property and their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) which include (i) property management services on non-commercial properties (the “**Property Management Services**”); (ii) commercial operation and management services on commercial properties, including but not limited to commercial property management services and carpark space management and operation services (the “**Commercial Operation and Management Services**”); (iii) value-added services including but not limited to non-property owner value-added services and community value-added services as well as the services previously provided under the 2022 Intelligent Services Framework Agreement (the “**Value-added Services**”); and (iv) market positioning consultancy and tenant sourcing services on commercial properties, including but not limited to market research and positioning services, tenant sourcing and tenant management services (the “**Market Positioning Consultancy and Tenant Sourcing Services**”).

The parties shall enter into separate agreements for detailed service scope, fees and payment terms subject to the needs of various projects of GZYY, Yuexiu Property or their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) as and when necessary.

LETTER FROM THE BOARD

Pricing policy:

The service fees that the Group will charge for the Property Management and Value-Added Services shall be determined after arm's length negotiations and in good faith between the parties with reference to (i) the location, type, quality and size of the properties; (ii) the scope and standard of the services to be provided; (iii) the anticipated operational cost (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) guidance/regulations regarding fees for the relevant services in the PRC; (v) the rate generally offered by the Group to at least two Independent Third Parties in respect of similar services; and (vi) the prevailing market rate generally offered by at least two independent service providers in respect of similar services.

Payment terms:

Payment terms shall be determined by the parties with reference to those offered by the Group to Independent Third Parties in respect of similar services. Unless otherwise agreed by the parties after arm's length negotiation in the separate agreements of the specific Property Management and Value-Added Services, service fees shall be paid on a monthly or quarterly basis.

LETTER FROM THE BOARD

Historical Transaction Amounts

The table below sets out the total amounts of service fees paid to the Group by GZYY, Yuexiu Property and their respective associates for the Property Management and Value-Added Services for the year/period indicated:

	Year ended 31 December		Eight months ended
	2022	2023	31 August
	(audited)	(audited)	(unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Historical transaction amounts for services under the 2022 Property Management and Value-Added Services Framework Agreement:			
(i) Property Management Services	14,144	39,140	38,208
(ii) Commercial Operation and Management Services	48,463	56,338	71,099
(iii) Value-added Services	554,841	816,783	744,574
(iv) Market Positioning Consultancy and Tenant Sourcing Services	121,625	125,992	65,063
Historical transaction amounts for services under the 2022 Intelligent Services Framework Agreement			
(i) Intelligent Services	49,341	72,815	59,474
Total	788,414	1,111,068	978,418

Note: Amounts shown in the above table are after-tax amounts and may be subject to rounding adjustments.

The Directors confirm that the transaction amounts from the effective date of each of the (i) 2022 Property Management and Value-Added Services Framework Agreement and (ii) 2022 Intelligent Services Framework Agreement to the Latest Practicable Date are within the respective existing annual caps under the (i) 2022 Property Management and Value-Added Services Framework Agreement and (ii) 2022 Intelligent Services Framework Agreement.

LETTER FROM THE BOARD

Annual Caps

The table below sets out the maximum annual service fees payable to the Group under the 2025 Property Management and Value-Added Services Framework Agreement for the three years ending 31 December 2027:

	Year ending 31 December		
	2025 (RMB'000)	2026 (RMB'000)	2027 (RMB'000)
Annual caps for:			
(i) Property Management Services	107,965	138,095	176,955
(ii) Commercial Operation and Management Services	253,592	290,838	305,327
(iii) Value-added Services	1,473,696	1,695,390	1,967,502
(iv) Market Positioning Consultancy and Tenant Sourcing Services	<u>156,667</u>	<u>168,925</u>	<u>188,727</u>
Total	<u>1,991,920</u>	<u>2,293,248</u>	<u>2,638,511</u>

The annual caps for various services under the 2025 Property Management and Value-Added Services Framework Agreement were determined with reference to:

- (1) regarding the Property Management Services, (i) the continuous growth trend in historical transaction amounts since 2022; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the date of the 2025 Property Management and Value-Added Services Framework Agreement; (iii) the unaudited related service fees generated from the Property Management Services for the eight months ended 31 August 2024 of approximately RMB38.2 million; (iv) the expected increase in demand for the Group's Property Management Services (as further described in the letter from the Independent Financial Adviser) with reference to the pipeline projects (including newly developed residential properties and commercial buildings) and related historical compound annual growth rate achieved by GZYY, Yuexiu Property and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group;
- (2) regarding the Commercial Operation and Management Services, (i) the continuous growth trend in historical transaction amounts since 2022; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the 2025 Property Management and Value-Added Services Framework Agreement; (iii) the unaudited related service fees generated from the Commercial Operation and Management Services for the eight months ended 31 August 2024 of approximately RMB71.1 million; (iv)

LETTER FROM THE BOARD

the expected increase in demand for the Group's Commercial Operation and Management Services (as further described in the letter from the Independent Financial Adviser) with reference to the approximately 20 existing and potential pipeline projects in each of 2025, 2026 and 2027, respectively, awarded or to be awarded by GZYY, Yuexiu Property and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group;

- (3) regarding the Value-Added Services, (i) the continuous growth trend in historical transaction amounts since 2022; (ii) the number and terms (including service fees) of existing service contracts as of the date of the 2025 Property Management and Value-Added Services Framework Agreement; (iii) the unaudited related service fees generated from the Value-added Services for the eight months ended 31 August 2024 of approximately RMB744.6 million and those from the Intelligent Services for the eight months ended 31 August 2024 of approximately RMB59.5 million; (iv) the expected increase in demand for the Group's Value-Added Services (as further described in the letter from the Independent Financial Adviser) with reference to the estimated contracted sales amounts of Yuexiu Property and its associates; (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group; and (vi) the consolidation of the services previously provided under the 2022 Intelligent Services Framework Agreement into the Value-Added Services, including the sales and installation services for intelligent products such as video surveillance system, the provision of video surveillance software system development services, as well as the related design and consultation services; and
- (4) regarding the Market Positioning Consultancy and Tenant Sourcing Services, (i) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the date of the 2025 Property Management and Value-Added Services Framework Agreement; (ii) the unaudited related service fees generated from the Market Positioning Consultancy and Tenant Sourcing Services for the eight months ended 31 August 2024 of approximately RMB65.1 million; (iii) the expected increase in demand for the Group's Market Positioning Consultancy and Tenant Sourcing Services (as further described in the letter from the Independent Financial Adviser) with reference to the approximately 20 existing and potential pipeline projects in each of 2025, 2026 and 2027, respectively, awarded or to be awarded by GZYY, Yuexiu Property and their respective associates; and (iv) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group.

LETTER FROM THE BOARD

Reasons for and Benefits of Entering into of the 2025 Property Management and Value-Added Services Framework Agreement

To streamline the management of future connected transactions in respect of the provision of Property Management and Value-Added Services by the Group to GZYX, Yuexiu Property and their respective associates, the Company has consolidated the 2022 Property Management Services Framework Agreement and the 2022 Intelligent Services Framework Agreement into the 2025 Property Management and Value-Added Services Framework Agreement.

The groups of GZYX and Yuexiu Property have been growing steadily in terms of operation size, and may continue to improve with the economic situation. The Yuexiu Property group has newly acquired 12 land parcels in PRC with a total GFA of approximately 1.72 million sq.m. in the six months ended 30 June 2024, and its total landbank was approximately 25.03 million sq.m. as of 30 June 2024. For GZYX, in addition to the growth in its property sector via Yuexiu Property and its subsidiaries, the attributable toll mileage of all expressways and bridges was approximately 561.2 kilometres for its transport sector, and its food sector has been striving for the leading position in the food industry in the Greater Bay Area. All such developments brought continuous demand of the Group's Property Management and Value-added Services for properties such as offices, manufacturing plants and highways etc. With its comprehensive service offerings provided to GZYX and Yuexiu Property, the entering into of the 2025 Property Management and Value-Added Service Framework Agreement will further solidify the Group's position as an integrated property management service provider while it strives to expand its revenue and profit streams.

In light of the above, the Directors (other than the Directors who have abstained from voting on the relevant Board resolutions of the Company) consider that the terms of the 2025 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2025 Property Management and Value-Added Services Framework Agreement is in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

As at the Latest Practicable Date, GZYX and Yuexiu Property are controlling shareholders of the Company and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the highest applicable percentage ratio in respect of the annual caps under the 2025 Property Management and Value-Added Services Framework Agreement exceeds 5%, respectively, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

General

Save for Mr. Zhu Huisong and Mr. Zhang Jianguo (each of which has held directorship(s) and/or position(s) in Yuexiu Property), none of the other Directors has or is deemed to have a material interest in the 2025 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Zhu Huisong and Mr. Zhang Jianguo are required to abstain from voting on the relevant Board resolution(s) of the Company.

GCD China and its associates will abstain from voting at the General Meeting in respect of the proposed resolutions to approve the 2025 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2025 Property Management and Value-Added Services Framework Agreement and the annual caps thereunder and would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

(2) CONTINUING CONNECTED TRANSACTION — 2025 PROCUREMENT FRAMEWORK AGREEMENT

Reference is made to the 2022 Announcement in relation to the 2022 Procurement Framework Agreement. As the 2022 Procurement Framework Agreement will expire on 31 December 2024, on 21 November 2024, the Company entered into the 2025 Procurement Framework Agreement with GZYX and Yuexiu Property, pursuant to which the Group may procure, and GZYX and Yuexiu Property and their respective associates may provide, the Relevant Procured Products and Services for a term commencing on the effective date of the agreement (being the date on which the conditions precedent are fulfilled but in any event no earlier than 1 January 2025) and ending on 31 December 2027.

Principal Terms

The principal terms of the 2025 Procurement Framework Agreement are as follows:

Date: 21 November 2024

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

LETTER FROM THE BOARD

Conditions precedent: The 2025 Procurement Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers (as the case may be and where applicable) for the entering into of the 2025 Procurement Framework Agreement and the transactions contemplated thereunder, including but not limited to the approval by the Independent Shareholders of the 2025 Procurement Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the General Meeting.

If the conditions precedent are not fulfilled on or before 31 March 2025 or such other date as the Company, GZYY and Yuexiu Property may agree in writing, the 2025 Procurement Framework Agreement shall terminate with immediate effect without liability on any of the parties thereto.

Term: The term of the 2025 Procurement Framework Agreement shall commence on the date on which all conditions precedent are fulfilled (but in any event no earlier than 1 January 2025) and shall continue up to and including 31 December 2027.

Subject to compliance with the Listing Rules, the 2025 Procurement Framework Agreement may be renewed by the Company, GZYY and Yuexiu Property by agreement in writing.

Subject matter: The Group may procure from GZYY and Yuexiu Property and their respective associates certain products and services relating to the Group's services (the "**Relevant Procured Products and Services**") including but not limited to dairy products, processed food, home decoration products and related services.

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

LETTER FROM THE BOARD

Pricing policy:	The price of the Relevant Procured Products and Services shall be determined after arm's length negotiations and in good faith between the parties and taking into account (i) the type, quantity and quality of the products and services to be procured; (ii) the anticipated costs for providing such products and services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iii) the prevailing market rate generally offered by at least two Independent Third Parties for similar products and services; and (iv) the fee quote offered by at least two Independent Third Parties for the Relevant Procured Products and Services.
Payment terms:	Payment terms shall be determined by the parties with reference to those offered by independent suppliers in respect of similar products and services. Unless otherwise agreed by the parties after arm's length negotiation in the separate agreements of the specific Relevant Procured Products and Services, payment shall be made on a monthly or quarterly basis.

Historical Transaction Amounts

The table below sets out the total amounts paid by the Group to GZYL and its associates for the procured products under the 2022 Procurement Framework Agreement for the year/period indicated:

	Year ended 31 December		Eight months ended
	2022	2023	31 August 2024
	(audited)	(audited)	(unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Historical transaction amounts	3,393	7,589	6,084

Note: Amounts shown in the above table are after-tax amounts and may be subject to rounding adjustments.

The Group has not received any Relevant Procured Products and Services from Yuexiu Property or its associates in the two years ended 31 December 2023 and eight months ended 31 August 2024.

The Directors confirm that the transaction amounts from the effective date of the 2022 Procurement Framework Agreement to the Latest Practicable Date were within the existing annual caps under the 2022 Procurement Framework Agreement.

LETTER FROM THE BOARD

Annual Caps

The table below sets out the maximum annual amount payable by the Group for the Relevant Procured Products and Services for the three years ending 31 December 2027:

	Year ending 31 December		
	2025	2026	2027
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual caps	104,207	138,612	191,818

The annual caps under the 2025 Procurement Framework Agreement were determined with reference to (i) the addition of Yuexiu Property as a party to the 2025 Procurement Framework Agreement, as they were not a party under the 2022 Procurement Framework Agreement; (ii) the estimated types and volume of the Relevant Procured Products and Services which the Group may procure from GZYG and its associates based on the Group's historical procurement from Independent Third Parties of products and services of a similar nature; (iii) the estimated types and volume of the additional Relevant Procured Products and Services which the Group may procure from Yuexiu Property and its associates (which were not included under the 2022 Procurement Framework Agreement as neither Yuexiu Property nor its associates were a party to the 2022 Procurement Framework Agreement) based on the Group's historical procurement from Independent Third Parties of products and services of a similar nature. The estimation is calculated using an estimated number of 30,000 delivered property units per year, which is in line with figures from 2022 and 2023; (iv) the prevailing market price of the Relevant Procured Products and Services with reference to the historical market price; (v) the expected demand of the Group for the Relevant Procured Products and Services (as further described in the letter from the Independent Financial Adviser) based on its business development plan to expand, among others, the "Enjoy Club" platform, a mobile APP for property owners integrating services including retail sales where the Group sells, among others, products purchased from GZYG; and (vi) the expected increment in costs of similar products and services due to inflation and increase in commodity price.

Reasons for and Benefits of Entering into of the 2025 Procurement Framework Agreement

GZYG and its subsidiaries are engaged in various businesses, including, among others, livestock breeding, dairy industry and food processing. Yuexiu Property and its subsidiaries are engaged in property development business. Thanks to its long-standing partnership with a variety of decoration and furnishing suppliers, Yuexiu Property has developed a strong centralized procurement platform. By entering into the 2025 Procurement Framework Agreement, the Group can leverage on the extensive resources within GZYG and Yuexiu Property to offer better value-added services to its customers, for example, the Group can procure dairy products/processed food from GZYG to enrich its product offerings on its online shopping platform, and can leverage Yuexiu Property's centralized procurement platform to enhance economies of scale for lower prices and enhanced efficiency in developing the Group's home decoration business. The Group will

LETTER FROM THE BOARD

enter into bulk purchase agreements with GZYY and Yuexiu Property for each type of products and services it procures on an approximately quarterly basis. The Group will compare the terms under such bulk purchase agreements with terms generally offered by independent third parties for similar products and services to ensure the terms of such bulk purchase agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In light of the above, the Directors (other than the Directors who have abstained from voting on the relevant Board resolutions of the Company) consider that the terms of the 2025 Procurement Framework Agreement and the annual caps therefor are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and in the ordinary and usual course of business of the Group, and that the entering into of the 2025 Procurement Framework Agreement is in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

As at the Latest Practicable Date, GZYY and Yuexiu Property are controlling shareholders of the Company and therefore each is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2025 Procurement Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the highest applicable percentage ratio in respect of the annual caps under the 2025 Procurement Framework Agreement exceeds 5%, respectively, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

General

Save for Mr. Zhu Huisong and Mr. Zhang Jianguo (each of which has held directorship(s) and/or position(s) in Yuexiu Property), none of the other Directors has or is deemed to have a material interest in the 2025 Procurement Framework Agreement and the transactions contemplated thereunder, including the annual caps. Hence, only Mr. Zhu Huisong and Mr. Zhang Jianguo are required to abstain from voting on the relevant Board resolution(s) of the Company.

GCD China and its associates will abstain from voting at the General Meeting in respect of the proposed resolutions to approve the 2025 Procurement Framework Agreement and the annual caps thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2025 Procurement Framework Agreement and the annual caps thereunder and would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole, the Group will implement the following internal control measures in relation to the continuing connected transactions under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement:

- (i) the accounts department of the Group will regularly monitor the continuing connected transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement to ensure that the proposed annual caps will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total contractual income or expenses to exceed the proposed annual caps for that financial year;
- (ii) the heads of the respective operational departments of the Group will supervise and monitor that the individual agreements are in line with the pricing policy and principal terms of the relevant framework agreements;
- (iii) the heads of the respective operational departments of the Group will conduct regular reviews to keep abreast of (i) the price level charged by the Group from independent customers for providing comparable services (where applicable); and (ii) the prevailing fee level in the market and the market conditions, for the purpose of considering if the price charged for, or payable for, a specific transaction is fair and reasonable and is in accordance with the pricing policy terms of the relevant framework agreements;
- (iv) the audit committee of the Board will meet at least twice a year to review the implementation of the above measures for the transactions contemplated under the relevant framework agreements and report to the Board;
- (v) the Company will provide information and supporting documents to its independent non-executive Directors and auditors for them to conduct annual review of the continuing connected transactions of the Group;
- (vi) the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the relevant framework agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole as required by the Listing Rules; and
- (vii) the auditor of the Company will be engaged to report on the continuing connected transactions of the Group disclosed in the annual report in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected

LETTER FROM THE BOARD

Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor will issue a letter containing their conclusions in respect of the continuing connected transactions disclosed in the annual report in accordance with Rule 14A.56 of the Listing Rules. According to the letter, the auditor will express a conclusion whether anything has come to their attention that causes them to believe that the disclosed continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for the transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant framework agreement governing such transactions; and (iv) have exceeded the respective annual caps.

INFORMATION OF THE PARTIES

The Group

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

GZYX

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

Yuexiu Property

Yuexiu Property, a controlling shareholder of the Company which indirectly holds the shares of the Company through its direct wholly-owned subsidiary, namely GCD China, is a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 00123). Yuexiu Property and its subsidiaries (other than the Group) are principally engaged in property development and investment and have strategically established business presence in 27 cities across China, with business mainly based in the Greater Bay Area, Eastern China, Central and Western China and Northern China.

LETTER FROM THE BOARD

FORMATION OF AN INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all three independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the continuing connected transactions under the 2025 Property Management and Value-Added Services Framework Agreement, the 2025 Procurement Framework Agreement and their respective annual caps are fair and reasonable, and whether the continuing connected transactions under such agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the General Meeting, after taking into account the recommendations of the Independent Financial Adviser.

Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 24 to 25 of this circular, which contains its recommendation to the Independent Shareholders and the letter from the Independent Financial Adviser set out on pages 26 to 56 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

GENERAL MEETING

The General Meeting will be held at Plaza I–IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 20 December 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out in the notice of the General Meeting, which is set out on pages 61 to 63 of this circular. Whether or not you are able or intend to attend and vote at the General Meeting in person, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment 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 General Meeting will be conducted by way of a poll.

As at the Latest Practicable Date, GCD China and its associates were interested in an aggregate of 1,018,600,000 Shares, representing approximately 67.30% of the total issued share capital of the Company. GCD China and its associates will abstain from voting at the General Meeting in respect of the proposed resolutions to approve the 2025 Property Management and Value-Added Services Framework Agreement, and the 2025 Procurement Framework Agreement and the annual caps thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the 2025 Property

LETTER FROM THE BOARD

Management and Value-Added Services Framework Agreement, the 2025 Procurement Framework Agreement and the annual caps thereunder, therefore no other Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 December 2024 to Friday, 20 December 2024 (both days inclusive) in order to determine entitlements for attending and voting at the General Meeting. In order to qualify for attending and voting at the General Meeting, all share transfer accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Tuesday, 17 December 2024.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in the Letter from the Independent Board Committee in this circular after taking into consideration the advice of the Independent Financial Adviser but excluding the Directors who have abstained from voting on the relevant Board resolutions of the Company) consider that the continuing connected transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement have been conducted by the Company in its ordinary and usual course of business, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the respective transactions (including the proposed annual caps) contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement are fair and reasonable. The Directors therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions set out in the notice of the General Meeting.

FURTHER INFORMATION

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

Since the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement are subject to the fulfillment of the conditions precedent set out therein and the transactions contemplated thereunder may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
By Order of the Board of
Yuexiu Services Group Limited
YU Tat Fung
Company Secretary

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 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement and the transactions contemplated thereunder.



越秀服務集團有限公司
YUEXIU SERVICES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

5 December 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
(1) 2025 PROPERTY MANAGEMENT AND VALUE-ADDED
SERVICES FRAMEWORK AGREEMENT; AND
(2) 2025 PROCUREMENT FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 5 December 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement are conducted by the Company in its ordinary and usual course of business, are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. In this connection, Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement.

We wish to draw your attention to the letter from the Board set out on pages 6 to 23 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 24 to 25 of the Circular which contains its opinion in respect of transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, we consider that the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement are conducted by the Company in its ordinary and usual course of business, are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the relevant resolutions set out in the notice of the General Meeting.

Yours faithfully,
For and on behalf
of the Independent Board Committee of
Yuexiu Services Group Limited

HUNG Shing Ming
*Independent Non-executive
Director*

HUI Lai Kwan
*Independent Non-executive
Director*

LEUNG Yiu Man
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Maxa Capital Limited, 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 2602, 26/F, Golden Center
188 Des Voeux Road Central
Sheung Wan
Hong Kong

5 December 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS
(1) 2025 PROPERTY MANAGEMENT AND VALUE-ADDED
SERVICES FRAMEWORK AGREEMENT
AND
(2) 2025 PROCUREMENT FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement (collective, the “**2025 Framework Agreements**”) and the transactions contemplated thereunder (including the relevant proposed annual caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 5 December 2024 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the 2022 Announcement in relation to the 2022 Property Management and Value-Added Services Framework Agreement and the 2022 Intelligent Services Framework Agreement Announcement in relation to the 2022 Intelligent Services Framework Agreement. As the 2022 Property Management and Value-Added Services Framework Agreement and the 2022 Intelligent Services Framework Agreement will expire on 31 December 2024, on 21 November 2024, the Company entered into the 2025 Property Management and Value-Added Services Framework Agreement with GZYX and Yuexiu Property, pursuant to which the Group may provide, and GZYX, Yuexiu Property and their

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

respective associates may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement (being the date on which all the conditions precedent are fulfilled but in any event no earlier than 1 January 2025) and ending on 31 December 2027. To streamline the management of future connected transactions in respect of the provision of Property Management and Value-Added Services by the Group to GZYY, Yuexiu Property and their respective associates, the Company has consolidated the 2022 Property Management Services Framework Agreement and the 2022 Intelligent Services Framework Agreement into the 2025 Property Management and Value-Added Services Framework Agreement.

Reference is made to the 2022 Announcement in relation to the 2022 Procurement Framework Agreement. As the 2022 Procurement Framework Agreement will expire on 31 December 2024, on 21 November 2024, the Company entered into the 2025 Procurement Framework Agreement with GZYY and Yuexiu Property, pursuant to which the Group may procure, and GZYY and Yuexiu Property and their respective associates may provide, the Relevant Procured Products and Services for a term commencing on the effective date of the agreement (being the date on which the conditions precedent are fulfilled but in any event no earlier than 1 January 2025) and ending on 31 December 2027.

As GZYY and Yuexiu Property are controlling shareholders of the Company, each of them is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the highest applicable percentage ratios in respect of the annual caps under the 2025 Property Management and Value-Added Services Framework Agreement and the 2025 Procurement Framework Agreement exceeds 5%, respectively, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in connection with the 2025 Framework Agreements and the transactions contemplated thereunder (including the relevant proposed annual caps). We, Maxa Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we are independent from the Company in accordance with Rule 13.84 of the Listing Rules and, accordingly, are considered eligible to give independent advice on the 2025 Framework Agreements and the transactions contemplated thereunder (including the relevant proposed annual caps). Save for this appointment as the Independent Financial Adviser in respect of the 2025 Framework Agreements, we were appointed as the independent financial adviser once in the last two years in relation to the review of the 2022 Intelligent Services Framework Agreement. The aforesaid previous appointment was limited to providing one-off independent advisory service, for which we received normal professional fees. Accordingly, we do not consider such previous appointment gives rise to any conflict of interest for us in acting as the Independent Financial Adviser. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, GZ YX, Yuexiu Property or their respective substantial shareholders or associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)).

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the 2022 Property Management and Value-Added Services Framework Agreement, 2022 Intelligent Services Framework Agreement, 2022 Procurement Framework Agreement and the 2025 Framework Agreements; (ii) the annual report of the Company for the years ended 31 December 2022 and 2023 (the “**2022 AR**” and “**2023 AR**”) and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 IR**”); (iii) the Company’s Guidelines on Information Disclosure of Connected Transactions and the Company’s Report on Continuing Connected Transactions for the first half of 2024; and (iv) the basis and assumption adopted in determining the relevant proposed annual caps under the 2025 Framework Agreements (the “**Proposed Annual Caps**”). 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 relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the date of this letter. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company (the “**Management**”) in the Circular were reasonably made after due enquiry and careful consideration. Our opinion is based on the Directors’ representation and confirmation that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company, the Directors and the Management which have been provided to us. We have not, however, conducted any independent verification on the information provided to us by the Directors and the Management, nor have we conducted any form of independent in-depth investigation into the business and affairs of the Company, GZYX, Yuexiu Property and each of their respective subsidiaries or associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)).

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2025 Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the 2025 Framework Agreements

1.1 Information on the Group

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the financial information of the Group for the two years ended 31 December 2022 and 2023 (“FY2022” and “FY2023”, respectively) and the six months ended 30 June 2023 and 2024 (“1H2023” and “1H2024”, respectively) prepared in accordance with Hong Kong Financial Reporting Standards and extracted from the Company’s 2023 AR and 2024 IR.

	For the year ended		For the six months ended	
	31 December		30 June	
	2022	2023	2023	2024
	(audited)	(audited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,486,205	3,223,631	1,511,846	1,960,175
Profit attributable to owners of the Company	416,099	487,020	247,691	277,675
		As at 31 December		As at
		2022	2023	30 June
		(audited)	(audited)	(unaudited)
		RMB'000	RMB'000	RMB'000
Total assets		5,947,846	6,407,144	7,004,825
Total liabilities		2,556,620	2,786,689	3,216,470
Total equity		3,391,226	3,620,455	3,788,355

The Group recorded revenue of approximately RMB2.5 billion and RMB3.2 billion for FY2022 and FY2023 respectively. The increase in revenue of approximately 29.7% in FY2023 compared to FY2022 was mainly due to (i) the increase in the number of non-commercial projects under its management to 331 from 269 and the GFA under management to 59.3 million sq.m. from 47.6 million sq.m., respectively as of 31 December 2023 as compared to 31 December 2022; (ii) revenue from value-added services to non-property owners increased from RMB479.4 million for FY2022 to RMB669.3 million for FY2023, representing an increase of approximately 39.6%. Such increase was mainly attributable to the increase in revenue from services such as preliminary planning and design consultancy services, in line with the continuous expansion of the business of collaborating property developers, and the steady increase in the provision of intelligent services launched in 2022; and (iii) revenue from community value-added services increased from RMB650.0 million for the FY2022 to RMB931.8 million for the FY2023, representing an increase of approximately 43.3% and making it the fastest-growing business of the Group. Such increase was mainly attributable to the increase in customer base as a result of the expansion of GFA under management of non-commercial properties and the diversification of community user services offered to customers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded revenue of approximately RMB1.5 billion and RMB2.0 billion for 1H2023 and 1H2024 respectively, representing an increase of approximately 29.7%. The increase was primarily because (i) as of 30 June 2024, the number of non-commercial projects under management increased to 335 from 284 and the GFA under management increased to 60.1 million sq.m. from 54.2 million sq.m. as of 30 June 2023; and (ii) revenue from community value-added services increased from RMB400.5 million for 1H2023 to RMB645.5 million for 1H2024, representing an increase of 61.2%. The increase was mainly attributable to an increase in customer base as a result of the expansion of GFA under management of non-commercial properties and the diversification of community user services offered to customers.

The Group's profit attributable to owners of the Company increased by approximately 17.0% from approximately RMB416.1 million in FY2022 to approximately RMB487.0 million in FY2023. The Group's profit attributable to owners of the Company increased by approximately 12.1% from approximately RMB247.7 million in 1H2023 to approximately RMB277.7 million in 1H2024. Such increase in FY2023 and 1H2024 was driven by the Group's continuous business development, revenue increment and business structure adjustment.

As at 31 December 2023, the Group's total assets and total liabilities were approximately RMB6.4 billion and RMB2.8 billion, respectively, representing an increase of approximately 7.7% and 9.0% as compared to those as at 31 December 2022. As at 30 June 2024, the Group's total assets and total liabilities were approximately RMB7.0 billion and RMB3.2 billion, representing an increase of approximately 9.3% and 15.4% as compared to those as at 31 December 2023, respectively. The Group's total equity increased by approximately 6.8% from approximately RMB3.4 billion as at 31 December 2022 to approximately RMB3.6 billion as at 31 December 2023 and then increased by approximately 4.6% to approximately RMB3.8 billion as at 30 June 2024.

1.2 Information on the GZYY

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

1.3 Information on the Yuexiu Property

Yuexiu Property, a controlling shareholder of the Company which indirectly holds the shares of the Company through its direct wholly-owned subsidiary, namely GCD China, is a company incorporated in Hong Kong limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 00123). Yuexiu Property and its subsidiaries (other than the Group) are principally engaged in property development and investment and have strategically established business presence in 27 cities across China, with business mainly based in the Greater Bay Area, Eastern China, Central and Western China and Northern China.

1.4 Reasons for and benefits of the 2025 Framework Agreements

1.4.1 Reasons for and benefits of the 2025 Property Management and Value-Added Services Framework Agreement

To streamline the management of future connected transactions in respect of the provision of Property Management and Value-Added Services by the Group to GZYY, Yuexiu Property and their respective associates, the Company has consolidated the 2022 Property Management Services Framework Agreement and the 2022 Intelligent Services Framework Agreement into the 2025 Property Management and Value-Added Services Framework Agreement.

The groups of GZYY and Yuexiu Property have been growing steadily in terms of operation size, and may continue to improve with the economic situation. The Yuexiu Property group has newly acquired 12 land parcels in PRC with a total GFA of approximately 1.72 million sq.m. in the six months ended 30 June 2024, and its total landbank was approximately 25.03 million sq.m. as of 30 June 2024. For GZYY, in addition to the growth in its property sector via Yuexiu Property and its subsidiaries, the attributable toll mileage of all expressways and bridges was approximately 561.2 kilometres for its transport sector, and its food sector has been striving for the leading position in the food industry in the Greater Bay Area. All such developments brought continuous demand of the Group's Property Management and Value-added Services for properties such as offices, manufacturing plants and highways etc. With its comprehensive service offerings provided to GZYY and Yuexiu Property, the entering into of the 2025 Property Management and Value-Added Services Framework Agreement will further solidify the Group's position as an integrated property management service provider while it strives to expand its revenue and profit streams.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the 2023 AR and 2024 IR and noted that approximately 40.3% and approximately 39.2% of the revenue of the Group was derived from GZYY, Yuexiu Property and their respective joint ventures, associates or other related parties for FY2023 and 1H2024, respectively, which shows the deep business cooperation between the Group and GZYY and Yuexiu Property. During 1H2024, the Group received various awards including “TOP 12 amongst the Top 100 Property Management Companies in China for 2024 (2024中國物業服務百強企業TOP12)” and “TOP 10 amongst the TOP 100 Property Management Companies in China in terms of Business Performance for 2024 (2024中國物業服務百強企業經營績效TOP10)”. For the future, the Group will continue to strengthen the fundamentals of its property management services and enhance product competitiveness, promote service channels, focus on nurturing businesses with higher competitiveness by leveraging its strengths and the development opportunities of its five value-added service platforms (i.e. property agency, new retail, home decoration, community commercial service and intelligence).

Based on the above, we consider that entering into the 2025 Property Management and Value-Added Services Framework Agreement (i) is in line with the development strategy of the Group; (ii) could facilitate the Group to generate revenue by maintaining the deep business cooperation with GZYY and Yuexiu Property; (iii) could further enhance the scale and the diversification of the businesses of the Group; and (iv) could further solidify the Group’s industry position as a top property management services provider. Therefore, we concur with the Directors that the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement are in the ordinary and usual course of business of the Group and the entering into the 2025 Property Management and Value-Added Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.

1.4.2 Reasons for and benefits of the 2025 Procurement Framework Agreement

GZYX and its subsidiaries are engaged in various businesses, including, among others, livestock breeding, dairy industry and food processing. Yuexiu Property and its subsidiaries are engaged in property development business. Thanks to its long-standing partnership with a variety of decoration and furnishing suppliers, Yuexiu Property has developed a strong centralized procurement platform. By entering into the 2025 Procurement Framework Agreement, the Group can leverage on the extensive resources within GZYX and Yuexiu Property to offer better value-added services to its customers, for example, the Group can procure dairy products/processed food from GZYX to enrich its product offerings on its online shopping platform, and can leverage Yuexiu Property's centralized procurement platform to enhance economies of scale for lower prices and enhanced efficiency in developing the Group's home decoration business. The Group will enter into bulk purchase agreements with GZYX and Yuexiu Property for each type of products and services it procures on an approximately quarterly basis. The Group will compare the terms under such bulk purchase agreements with terms generally offered by independent third parties for similar products and services to ensure the terms of such bulk purchase agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have discussed with the Management and understand that (i) for the procurement of dairy products and processed food from GZYX, the Group could enhance the efficiency of cost and transportation and ensure the stable product availability by procuring directly from the producers of such goods; and (ii) for the procurement of home decoration products, as the large scale of materials procurement and its leading position in the real estate industry gives Yuexiu Property a better bargaining power with the materials suppliers, the Group could share the price advantage of Yuexiu Property and enjoys a better price of the home decoration products through the centralized procurement platform of Yuexiu Property than that offered by Independent Third Parties to the Group directly.

Based on the above, we concur with the Directors that the entering into the 2025 Procurement Framework Agreement could facilitate the Group to offer better value-added services to its customers and enhance the cost efficiency in procuring required goods and services; the transactions contemplated under the 2025 Procurement Framework Agreement are in the ordinary and usual course of business of the Group; and the entering into the Procurement Framework Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the 2025 Framework Agreements

2.1 2025 Property Management and Value-Added Services Framework Agreement

Date: 21 November 2024

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

Conditions precedent: The 2025 Property Management and Value-Added Services Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers (as the case may be and where applicable) for the entering into of the 2025 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder, including but not limited to the approval by the Independent Shareholders of the 2025 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the General Meeting.

If the conditions precedent are not fulfilled on or before 31 March 2025 or such other date as the Company, GZYYX and Yuexiu Property may agree in writing, the 2025 Property Management and Value-Added Services Framework Agreement shall terminate with immediate effect without liability on any of the parties thereto.

Term: The term of the 2025 Property Management and Value-Added Services Framework Agreement shall commence on the date on which all conditions precedent are fulfilled (but in any event no earlier than 1 January 2025) and shall continue up to and including 31 December 2027.

Subject to compliance with the Listing Rules, the 2025 Property Management and Value-Added Services Framework Agreement may be renewed by the Company, GZYYX and Yuexiu Property by agreement in writing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Service scope: The Group may provide property management services and value-added services (the “**Property Management and Value-Added Services**”) to properties owned, operated or used by GZYY, Yuexiu Property and their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) which include (i) property management services on non-commercial properties (the “**Property Management Services**”); (ii) commercial operation and management services on commercial properties, including but not limited to commercial property management services and carpark space management and operation services (the “**Commercial Operation and Management Services**”); (iii) value-added services including but not limited to non-property owner value-added services and community value-added services as well as the services previously provided under the 2022 Intelligent Services Framework Agreement (the “**Value-added Services**”); and (iv) market positioning consultancy and tenant sourcing services on commercial properties, including but not limited to market research and positioning services, tenant sourcing and tenant management services (the “**Market Positioning Consultancy and Tenant Sourcing Services**”).

The parties shall enter into separate agreements for detailed service scope, fees and payment terms subject to the needs of various projects of GZYY, Yuexiu Property or their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) as and when necessary.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policy: The service fees that the Group will charge for the Property Management and Value-Added Services shall be determined after arm's length negotiations and in good faith between the parties with reference to (i) the location, type, quality and size of the properties; (ii) the scope and standard of the services to be provided; (iii) the anticipated operational cost (including labour costs, material costs and administrative costs) for providing such services and the anticipated increase in the relevant costs due to inflation and economic and social development; (iv) guidance/regulations regarding fees for the relevant services in the PRC; (v) the rate generally offered by the Group to at least two Independent Third Parties in respect of similar services; and (vi) the prevailing market rate generally offered by at least two independent service providers in respect of similar services.

Payment terms: Payment terms shall be determined by the parties with reference to those offered by the Group to Independent Third Parties in respect of similar services. Unless otherwise agreed by the parties after arm's length negotiation in the separate agreements of the specific Property Management and Value-Added Services, service fees shall be paid on a monthly or quarterly basis.

In assessing the fairness and reasonableness of the terms in the 2025 Property Management and Value-Added Services Framework Agreement, we have obtained and reviewed both of the 2022 Property Management and Value-Added Services Framework Agreement and 2025 Property Management and Value-Added Services Framework Agreement. We noted that the major terms in the 2025 Property Management and Value-Added Services Framework Agreement are similar with those in the 2022 Property Management and Value-Added Services Framework Agreement which was approved by the independent shareholders at the general meeting of the Company held on 30 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of the pricing policy and payment terms, we have obtained and reviewed randomly selected historical transactions covering different types of Property Management and Value-Added Services provided by the Group to GZYZ and Yuexiu Property and Independent Third Parties from 2022 to 2024, which we consider are fair and representative samples, and compared the pricing terms and payment terms of Property Management and Value-Added Services provided by the Group to GZYZ and Yuexiu Property with those for the same type of certain services provided by the Group to the independent third parties. We noted that (i) such reviewed historical transactions are on similar commercial terms and the pricing terms and payment terms of Property Management and Value-added Services provided by the Group to GZYZ and Yuexiu Property are no less favourable to the Group than those provided by the Group to Independent Third Parties; and (ii) the pricing policies set in the 2022 Property Management and Value-Added Services Framework Agreement, which are the same as those set in the 2025 Property Management and Value-Added Services Framework Agreement, have been complied with continuously. Please refer to the section headed “4. Internal Control Policies” below for further details in this regard.

In view of the above, we consider that the terms of the 2025 Property Management and Value-Added Services Framework Agreement are on normal commercial terms, the terms of which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

2.2 2025 Procurement Framework Agreement

The principal terms of the 2025 Procurement Framework Agreement are as follows:

Date:	21 November 2024
Parties:	(a) the Company (as purchaser); (b) GZYZ (as product and service provider); and (c) Yuexiu Property (as product and service provider).
Conditions precedent:	The 2025 Procurement Framework Agreement is conditional upon the parties obtaining the necessary approvals or waivers (as the case may be and where applicable) for the entering into of the 2025 Procurement Framework Agreement and the transactions contemplated thereunder, including but not limited to the approval by the Independent Shareholders of the 2025 Procurement Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the General Meeting.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If the conditions precedent are not fulfilled on or before 31 March 2025 or such other date as the Company, GZYL and Yuexiu Property may agree in writing, the 2025 Procurement Framework Agreement shall terminate with immediate effect without liability on any of the parties thereto.

Term: The term of the 2025 Procurement Framework Agreement shall commence on the date on which all conditions precedent are fulfilled (but in any event no earlier than 1 January 2025) and shall continue up to and including 31 December 2027.

Subject to compliance with the Listing Rules, the 2025 Procurement Framework Agreement may be renewed by the Company, GZYL and Yuexiu Property by agreement in writing.

Subject matter: The Group may procure from GZYL and Yuexiu Property and their respective associates certain products and services relating to the Group's services (the "**Relevant Procured Products and Services**") including but not limited to dairy products, processed food, home decoration products and related services.

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

In assessing the fairness and reasonableness of the terms in the 2025 Procurement Framework Agreement, we have obtained and reviewed both of the 2022 Procurement Framework Agreement and the 2025 Procurement Framework Agreement. We noted that the major terms in the 2025 Procurement Framework Agreement, except for the additional procured services from Yuexiu Property, are similar with those in the 2022 Procurement Framework Agreement which was announced in the 2022 Announcement.

In respect of the pricing policy, we have obtained and reviewed randomly selected historical procurement contracts for dairy products and processed food procured by the Group from GZYY in 2023 and compared the agreed procurement prices with the sales prices for the same products displayed on independent online shopping platform, and noted that the procurement prices of dairy products and processed food offered by GZYY to the Group are not less favourable to the Group than the sales prices for the same products displayed on independent online shopping platform. For the new procured home decoration products from Yuexiu Property, we have obtained and reviewed quotations of the same home decoration products offered by Yuexiu Property and Independent Third Parties and we noted that the quotations offered by Yuexiu Property are not less favourable to the Group than the quotations offered by Independent Third Parties. Please refer to the section headed "4. Internal Control Policies" below for further details in this regard.

In view of the above, we consider that the terms of the 2025 Procurement Framework Agreement are on normal commercial terms, the terms of which are 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 FINANCIAL ADVISER

3. Proposed Annual Caps

3.1 Historical transaction amounts, existing and Proposed Annual Caps

The following table sets forth (i) the historical amounts for the two years ended 31 December 2023 and for the eight months ended 31 August 2024; (ii) the existing annual caps for each of the two years ended 31 December 2023 and for the year ending 31 December 2024 (the “**Existing Annual Caps**”); and (iii) the Proposed Annual Caps for each of the three years ending 31 December 2027.

RMB thousands		Existing Annual Caps for the years ended/ending 31 December			Proposed Annual Caps for the years ending 31 December		
		2022	2023	2024	2025	2026	2027
<i>2025 Property Management and Value-Added Services Framework Agreement</i>							
Property Management Services	Annual caps	19,500	60,081	79,420	107,965	138,095	176,955
	Actual amounts	14,144	39,140	38,208 ¹			
	Utilisation rates	72.5%	65.1%	48.1% ²			
Commercial Operation and Management Services	Annual caps	62,120	195,371	213,923	253,592	290,838	305,327
	Actual amounts	48,463	56,338	71,099 ¹			
	Utilisation rates	78.0%	28.8%	33.2% ²			
Value-added Services (including the Intelligent Services)	Annual caps	902,055	1,527,203	2,054,674	1,473,696	1,695,390	1,967,502
	Actual amounts	604,182	889,598	804,048 ¹			
	Utilisation rates	67.0%	58.3%	39.1% ²			
Market Positioning Consultancy and Tenant Sourcing Services	Annual caps	166,379	207,973	249,551	156,667	168,925	188,727
	Actual amounts	121,625	125,992	65,063 ¹			
	Utilisation rates	73.1%	60.6%	26.1% ²			
Total	Annual caps	1,150,054	1,990,628	2,597,568	1,991,920	2,293,248	2,638,511
	Actual amounts	788,414	1,111,068	978,418 ¹			
	Utilisation rates	68.6%	55.8%	37.7% ²			
<i>2025 Procurement Framework Agreement</i>							
Total amounts paid by the Group to GZYX and Yuexiu Property and their respective associates for the procured products	Annual Caps	3,633	9,490	17,816	104,207	138,612	191,818
	Actual amounts	3,393	7,589	6,084			
	Utilisation rates	93.4%	80.0%	34.1% ²			

Notes:

1. Historical amount for the eight months ended 31 August 2024.
2. The utilisation rates for the year ending 31 December 2024 are computed based on the actual amounts up to 31 August 2024.
3. Amounts shown in the above table are after-tax amounts and may be subject to rounding adjustments.

3.2 Proposed Annual Caps under the 2025 Property Management and Value-Added Services Framework Agreement

3.2.1 Basis of determining the Proposed Annual Caps

The annual caps for various services under the 2025 Property Management and Value-Added Services Framework Agreement were determined with reference to:

- (1) regarding the Property Management Services, (i) the continuous growth trend in historical transaction amounts since 2022; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the Latest Practicable Date; (iii) the unaudited related service fees generated from the Property Management Services for the eight months ended 31 August 2024 of approximately RMB38.2 million; (iv) the expected increase in demand for the Group's Property Management Services with reference to the pipeline projects (including newly developed residential properties and commercial buildings) and related historical compound annual growth rate achieved by GZYY, Yuexiu Property and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group;
- (2) regarding the Commercial Operation and Management Services, (i) the continuous growth trend in historical transaction amounts since 2022; (ii) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the Latest Practicable Date; (iii) the unaudited related service fees generated from the Commercial Operation and Management Services for the eight months ended 31 August 2024 of approximately RMB71.1 million; (iv) the expected increase in demand for the Group's Commercial Operation and Management Services with reference to the approximately 20 existing and potential pipeline projects in each of 2025, 2026 and 2027, respectively, awarded or to be awarded by GZYY, Yuexiu Property and their respective associates; and (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) regarding the Value-Added Services, (i) the continuous growth trend in historical transaction amounts since 2022; (ii) the number and terms (including service fees) of existing service contracts as of the Latest Practicable Date; (iii) the unaudited related service fees generated from the Value-added Services for the eight months ended 31 August 2024 of approximately RMB744.6 million and those from the Intelligent Services for the eight months ended 31 August 2024 of approximately RMB59.5 million; (iv) the expected increase in demand for the Group's Value-Added Services with reference to the estimated contracted sales amounts of Yuexiu Property and its associates; (v) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group; and (vi) the consolidation of the services previously provided under the 2022 Intelligent Services Framework Agreement into the Value-Added Services, including the sales and installation services for intelligent products such as video surveillance system, the provision of video surveillance software system development services, as well as the related design and consultation services; and
- (4) regarding the Market Positioning Consultancy and Tenant Sourcing Services, (i) the number, GFA under management and terms (including service fees) of existing projects/service contracts as of the Latest Practicable Date; (ii) the unaudited related service fees generated from the Market Positioning Consultancy and Tenant Sourcing Services for the eight months ended 31 August 2024 of approximately RMB65.1 million; (iii) the expected increase in demand for the Group's Market Positioning Consultancy and Tenant Sourcing Services with reference to the approximately 20 existing and potential pipeline projects in each of 2025, 2026 and 2027, respectively, awarded or to be awarded by GZYG, Yuexiu Property and their respective associates; and (iv) the expected increase in service fees to be charged considering the expected inflation and increment in operational costs incurred by the Group.

3.2.2 Assessment on the Proposed Annual Caps

In assessing the fairness and reasonableness of the Proposed Annual Caps for Property Management and Value-Added Services, we have reviewed the historical amounts of the relevant services for the two years ended 31 December 2023 and for the eight months ended 31 August 2024, which represent the utilisation rates of approximately 69%, 56% and 38% for the corresponding periods.

We have discussed with the Management and understand that the Proposed Annual Caps for various services under the 2025 Property Management and Value-Added Services Framework Agreement have been determined after taking into consideration factors including (i) the historical transaction amounts for FY2022 and FY2023 and eight months ended 31 August 2024; (ii) historical service fee rates charged by the Group; (iii) existing/potential projects awarded or to be awarded by GZYZ, Yuexiu Property and their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) in 2024–2027; (iv) the GZYZ's, Yuexiu Property's and their respective associates' business plans for the next three years; and (v) recent PRC property market sentiment.

Property Management Services

As advised by the Management, the Property Management Services consist of (i) vacant property management services provided by the Group to Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)); and (ii) non-commercial property management services provided by the Group to GZYZ and its associates.

We have reviewed the detailed calculation of the Proposed Annual Caps for Property Management Services and discussed with the Management on the basis and assumptions used in such calculation. For the vacant property management services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated vacant property management service fees paid by Yuexiu Property and its associates to the Group for 2024 with an annual growth rate of approximately 33% for each year of 2025, 2026 and 2027. The estimated vacant property management services fees paid by Yuexiu Property and its associate to the Group for 2024 was calculated based on the historical transaction amounts for eight months ended 31 August 2024 and the estimated transaction amounts of contracts under negotiation for the rest of 2024 and the annual growth rate is determined with reference to the compound annual growth rate (the “CAGR”) of Yuexiu Property's completion area of approximately 26% during 2019 to 2023 and CAGR of Yuexiu Property's delivery area of approximately 18% during such period. We have reviewed relevant annual reports published by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Yuexiu Property and noted such CAGR calculated based on the announced vacant property area during such period is in line with that used in the calculation model.

For other non-commercial property management services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated other non-commercial property management services fees paid by GZYX and its associates to the Group for 2024 with an annual growth rate of approximately 22% for each year of 2025, 2026 and 2027. The estimated non-commercial property management services fees paid by GZYX and its associates to the Group for 2024 is calculated with reference to revenue plan derived from on-hand projects in 2024 and the annual growth rate is determined with reference to the CAGR of GZYX's revenue during 2019 to 2023 of approximately 22%. We have obtained and reviewed the full list of 8 on-hand projects and noted the revenues expected to be derived from such projects in 2024 are in line with those used in the calculation model.

Commercial Operation and Management Services

As advised by the Management, the Group provides Commercial Operation and Management Services to commercial properties such as office buildings, shopping malls, wholesale markets and related carpark spaces. We have reviewed the detailed calculation of the Proposed Annual Caps for Commercial Operation and Management Services and discussed with the Management on the basis and assumptions used in such calculation, and we understood that estimated transaction amounts for the three years ending 31 December 2027 are projected based on Commercial Operation and Management Services fees agreed or estimated in the existing or potential projects awarded or to be awarded by GZYX or Yuexiu Property or their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) to the Group. We have reviewed the full lists of existing and potential projects (with a total of approximately 20 projects in each of 2025, 2026 and 2027, respectively) awarded or to be awarded by GZYX or Yuexiu Property or their respective associates in relation to Commercial Operation and Management Services and we noted that the revenues expected to be derived by such projects are in line with those used in the calculation model.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Value-added Services (including the Intelligent Services)

As advised by the Management, the Value-Added Services include preliminary planning and design consultancy services, sales office and display unit management services, delivery coordination services, ancillary property leasing services, carpark space sales assistance services, Intelligent Services, agency services, online and offline sales services and community commercial full-chain services. We have reviewed the detailed calculation of the Proposed Annual Caps for Value-added Services and discussed with the Management on the basis and assumptions used in such calculation.

For the preliminary planning and design consultancy services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated preliminary planning and design consultancy services fees paid by Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) to the Group for 2024 with an annual growth rate of approximately 26% for each year of 2025, 2026 and 2027. The estimated preliminary planning and design consultancy services fees paid by Yuexiu Property and its associates to the Group for 2024 are determined with reference to the (i) standard fee rates of such services; (ii) the estimated GFA of Yuexiu Property's completion projects in 2024; (iii) the estimated transaction amounts for the rest of 2024 of the on-hand contracts and (iv) the annualised amounts of historical transaction amounts for eight months ended 31 August 2024, and the annual growth rate is determined with reference to the CAGR of GFA of Yuexiu Property's completion projects during 2019 to 2023 of approximately 26%. We have reviewed 2 historical contracts and fee rates documents with Yuexiu Property of preliminary planning and design consultancy services and the annual reports of Yuexiu Property, and we noted that the standard fee rates and agreed transaction amounts in such contracts and documents and the CAGR of GFA of Yuexiu Property's completion projects during 2019 to 2023 are in line with those used in the calculation model. As the preliminary planning and design consultancy services include a variety of services, the majority of which will be provided after the completion of the property construction until the delivery of the property and the service fee will be charged by square metre, we consider estimating the increment of transaction amounts with reference to the CAGR of GFA of Yuexiu Property's completion projects is reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the sales office and display unit management services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on estimated contracted sales amounts of Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) for each year of 2025, 2026 and 2027 multiplied by the proportion of marketing expenses of Yuexiu Property of approximately 2% to its contracted sales amounts and multiplied by the proportion of sales office and display unit management services of approximately 5% to the marketing expenses of Yuexiu Property. Such proportions used are calculated based on the relevant historical figures of Yuexiu Property in 2023. The estimated contracted sales amounts of Yuexiu Property and its associates for each year of 2025, 2026 and 2027 are projected based on the estimated contracted sales amounts of Yuexiu Property and its associates for 2024 with a relatively low annual growth rate of approximately 4% for each year of 2025, 2026 and 2027 as compared with the CAGR of Yuexiu Property's contracted sales amounts during 2019 to 2023 of approximately 18%. The estimated contracted sales amounts of Yuexiu Property and its associates for 2024 is the 2024 contracted sales target as announced by Yuexiu Property. We have reviewed the 2023 annual report and the sales statistics announcements of Yuexiu Property and noted that the contracted sales amounts and marketing expenses of Yuexiu Property is in line with those used in the calculation model. As the sales office and display unit management services will be provided during the sales period of properties, we consider estimating the increment of transaction amounts with reference to the growth rate of Yuexiu Property's contracted sales amounts is reasonable.

For the delivery coordination services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated delivery coordination services fees paid by Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) to the Group for 2024 with an annual growth rate of approximately 28% for each year of 2025, 2026 and 2027. The estimated delivery coordination services fees paid by Yuexiu Property and its associates to the Group for 2024 is determined with reference to the historical transaction amounts for eight months ended 31 August 2024 and the estimated transaction amounts for the rest of 2024 of the on-hand contracts and the annual growth rate is determined with reference to the CAGR of GFA of the completion projects of Yuexiu Property and its associates (including the GZM & YXP JVs) during 2019 to 2023 of approximately 29%. As the delivery coordination services will be provided after the completion of the property construction until the delivery of the property and the service fee will be charged by square metre, we consider

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

estimating the increment of transaction amounts with reference to the CAGR of GFA of Yuexiu Property's and GZM & YXP JVs' completion projects is reasonable.

For the ancillary property leasing services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated ancillary property leasing services fees paid by GZYG and Yuexiu Property and their associates to the Group for 2024 with an annual growth rate of approximately 3% for each year of 2025, 2026 and 2027. The estimated ancillary property leasing services fees paid by GZYG and Yuexiu Property and their associates to the Group for 2024 is the annualised amounts of historical transaction amounts for eight months ended 31 August 2024, and the annual growth rate is determined with reference to the estimated growth rate of GFA of ancillary property entrusted by GZYG and Yuexiu Property and their associates to the Group during 2023 and 2024 of approximately 3%. We have obtained and reviewed a full list of 74 ancillary properties entrusted by GZYG and Yuexiu Property and their associates to the Group for leasing out with their GFA and we noted the such estimated growth rate of GFA of ancillary property entrusted by GZYG and Yuexiu Property and their associates to the Group showed in the list is in line with that used in the calculation model.

For the carpark space sales assistance services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated carpark space sales assistance services fees paid by Yuexiu Property and its associates to the Group for 2024 with a relatively low annual growth rate of approximately 4% for each year of 2025, 2026 and 2027 as compared with the CAGR of Yuexiu Property's contracted sales amounts during 2019 to 2023 of approximately 18%. The estimated carpark space sales assistance services fees paid by Yuexiu Property and its associates to the Group for 2024 is the annualised amounts of historical transaction amounts for eight months ended 31 August 2024. As the carpark space is ancillary facility of residential or commercial property, we consider estimating the increment of transaction amounts with reference to the growth rate of Yuexiu Property's contracted sales amounts is reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the Intelligent Services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated Intelligent Services fees paid by Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) to the Group for 2024 with an annual growth rate of approximately 5% for each year of 2025, 2026 and 2027. The estimated Intelligent Service fees paid by Yuexiu Property and its associates to the Group for 2024 is determined with reference to the historical transaction amounts for eight months ended 31 August 2024 and the estimated transaction amounts for the rest of 2024 of the on-hand contracts, and the annual growth rate is determined with reference to the combined effect of CAGR of GFA of Yuexiu Property's and GZM & YXP JVs' new commencement of construction projects during 2019 to 2023 and CAGR of cost of providing Intelligent Services during 2022 to 2024. We have obtained and reviewed (i) the annual reports of Yuexiu Property; and (ii) a list of 12 projects in relation to the Intelligent Services provided by the Group with the cost of each project and we noted that the GFA of Yuexiu Property's and GZM & YXP JVs' new commencement of construction projects during 2019 to 2023 disclosed in the annual reports of Yuexiu Property and the CAGR of cost of providing Intelligent Services in during 2022 to 2024 showed in the list are in line with those used in the calculation model. As the Intelligent Services will be provided during the construction of property, we consider estimating the increment of transaction amounts with reference to the growth rate of GFA of Yuexiu Property's and GZM & YXP JVs' new commencement of construction projects is reasonable.

For the agency services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated agency services fees paid by Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) to the Group for 2024 with a relatively low annual growth rate of approximately 4% for each year of 2025, 2026 and 2027 as compared with the CAGR of Yuexiu Property's contracted sales amounts during 2019 to 2023 of approximately 18%. The estimated agency services fees paid by Yuexiu Property and its associates to the Group for 2024 is determined with reference to the annualised amounts of historical transaction amounts for eight months ended 31 August 2024 and the historical proportion of revenue in relation to agency services derived from GZM & YXP JVs to their estimated contracted sales amounts in 2024. We have obtained and reviewed the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2024 sales plan of GZM & YXP JVs and noted that such estimated contracted sales amounts in the 2024 sales plan and the historical proportion of revenue in relation to agency services derived from GZM & YXP JVs to their estimated contracted sales amounts in 2024 are in line with those used in the calculation model. As the agency services is provided during the sales period of property, we consider estimating the increment of transaction amounts with reference to the CAGR of Yuexiu Property's contracted sales amount is reasonable.

For online and offline sales services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated online and offline sales services fees paid by GZYZ and its associates to the Group for 2024 with an annual growth rate of approximately 18% for each year of 2025, 2026 and 2027. The estimated online and offline sales services fees paid by GZYZ and its associates to the Group for 2024 is determined with reference to the historical transaction amounts for eight months ended 31 August 2024 and the historical proportion of eight-months transaction amounts to full-year transaction amount and the annual growth rate is determined with reference to the CAGR of GZYZ's revenue during 2021 to 2023 of approximately 18%. We have reviewed (i) the historical proportion of eight-months transaction amounts to full-year transaction amount of online and offline sales services for 2022 and 2023; and (ii) the financial information of GZYZ as published on its official website and we noted that the historical proportion and the CAGR of GZYZ's revenue are in line with those used in the calculation model.

For the community commercial full-chain services, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated community commercial full-chain services fees paid by Yuexiu Property and its associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) to the Group for 2024 with a relatively low annual growth rate of approximately 4% for each year of 2025, 2026 and 2027 as compared with the CAGR of Yuexiu Property's contracted sales amounts during 2019 to 2023 of approximately 18%. The estimated community commercial full-chain services fees paid by Yuexiu Property and its associates to the Group for 2024 is determined with reference to the historical transaction amounts for eight months ended 31 August 2024 and the estimated transaction amounts for the rest of 2024 of the on-hand contracts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Market Positioning Consultancy and Tenant Sourcing Services

As advised by the Management, the Market Positioning Consultancy and Tenant Sourcing Services include market positioning consultancy service, tenant sourcing service and tenant management, etc. We have reviewed the detailed calculation of the Proposed Annual Caps for Market Positioning Consultancy and Tenant Sourcing Services and discussed with the Management on the basis and assumptions used in such calculation, and we understood that estimated transaction amounts for the three years ending 31 December 2027 are projected based on service fees agreed or estimated in the existing or potential projects awarded or to be awarded by GZYX or Yuexiu Property or their respective associates to the Group. We have reviewed the full lists of existing and potential projects (with a total of approximately 20 projects in each of 2025, 2026 and 2027, respectively) awarded or to be awarded by GZYX or Yuexiu Property or their respective associates in relation to Market Positioning Consultancy and Tenant Sourcing Services and we noted that the revenue expected to be derived by such projects are in line with those used in the calculation model.

Buffers

Buffers of 15% have been added in each of 2025, 2026 and 2027 respectively on top of the projected transaction amounts to accommodate uncertainties in the future such as unexpected increase in inflation, operational costs or surge in service demand from GZYX and Yuexiu Property and their respective associates (including the GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)). We have reviewed the financial information of the Company as set out in the section headed “1.1 Information on the Group” and noted that the revenue increased by approximately 30% for FY2023 as compared to that of FY2022 and for 1H2024 as compared to that of 1H2023, respectively. In addition, we noted that the People’s Bank of China and National Financial Regulatory Administration have released several policies including but not limited to (i) reducing the interest rates of existing individual housing loans for the purchase of first housing units; (ii) reducing the down payment to 15% of the individual housing loans for the purchase of second housing units; and (iii) reducing the loan prime rate, which may benefit the property market in China and boost the service demand from GZYX and Yuexiu Property and their respective associates. Based on the historical increment on the Group’s revenue and the uncertainties in the property market, we consider the 15% buffers are reasonable.

Based on the abovementioned, we consider that Proposed Annual Caps under the 2025 Property Management and Value-Added Services Framework Agreement are fair and reasonable.

3.3 Proposed Annual Caps under the 2025 Procurement Framework Agreement

3.3.1 Basis of determining the Proposed Annual Caps

The annual caps under the 2025 Procurement Framework Agreement were determined with reference to (i) the addition of Yuexiu Property as a party to the 2025 Procurement Framework Agreement, as they were not a party under the 2022 Procurement Framework Agreement; (ii) the estimated types and volume of the Relevant Procured Products and Services which the Group may procure from GZYX and its associates based on the Group's historical procurement from Independent Third Parties of products and services of a similar nature; (iii) the estimated types and volume of the additional Relevant Procured Products and Services which the Group may procure from Yuexiu Property and its associates (which were not included under the 2022 Procurement Framework Agreement as neither Yuexiu Property nor its associates were a party to the 2022 Procurement Framework Agreement) based on the Group's historical procurement from Independent Third Parties of products and services of a similar nature. The estimation is calculated using an estimated number of 30,000 delivered property units per year, which is in line with figures from 2022 and 2023; (iv) the prevailing market price of the Relevant Procured Products and Services with reference to the historical market price; (v) the expected demand of the Group for the Relevant Procured Products and Services based on its business development plan to expand, among others, the "Enjoy Club" platform, a mobile APP for property owners integrating services including retail sales where the Group sells, among others, products purchased from GZYX; and (vi) the expected increment in costs of similar products and services due to inflation and increase in commodity price.

3.3.2 Assessment on the Proposed Annual Caps

In assessing the fairness and reasonableness of the Proposed Annual Caps under the 2025 Procurement Framework Agreement, we have reviewed the historical amounts paid by the Group to GZYX and its associates for the procured products for the two years ended 31 December 2023 and for the eight months ended 31 August 2024, which represent the utilisation rates of approximately 93%, 80% and 34% for the corresponding periods. We also noted that the historical amounts paid by the Group to GZYX and its associates for the procured products have increased by approximately 124% for FY2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Management, the Group mainly procures (i) dairy products and processed food from GZYY and its associates; and (ii) home decoration products from Yuexiu Property and its associates for developing its community value-added services of the Group. The procurement of home decoration products is a new business to be conducted between Yuexiu Property and the Group, which was not considered in the estimation of Existing Annual Caps, and leads the substantial increment of the Proposed Annual Caps under the 2025 Procurement Framework Agreement.

We have reviewed the detailed calculation of the Proposed Annual Caps under the 2025 Procurement Framework Agreement and discussed with the Management on the basis and assumptions used in such calculation. For the procurement from GZYY and its associates, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated procurement cost of the Group for 2024 with an annual growth rate of approximately 73% for each year of 2025, 2026 and 2027. The estimated procurement cost of the Group for 2024 is determined with reference to the historical transaction amounts for eight months ended 31 August 2024 and the estimated transaction amounts for the rest of 2024 based on procurement plan of the Company and the annual growth rate is determined with reference to the CAGR of the Group's revenue derived from online and offline sales services (one of the Group's community value-added services) during 2021 to 2023 of approximately 73%.

For the procurement from Yuexiu Property and its associates, we understood that the estimated transaction amounts for the three years ending 31 December 2027 are projected based on the estimated contracted sales amounts of home decoration services for each year of 2025, 2026 and 2027 multiplied by the proportion of procurement cost to the contracted sales amounts. The estimated contracted sales amounts of home decoration services for each year of 2025, 2026 and 2027 is calculated by estimated number of 30,000 delivered property units per year multiplied by the proportion of purchasing home decoration services and multiplied by average property decoration service fees per property with reference to the relevant historical data in 2024. The proportion of procurement cost to the contracted sales amounts used in the calculation is also determined by the historical proportion in 2024. We have reviewed public information of Yuexiu Property and a historical price sheet (including procurement cost and sales price for same products used) of the Company for providing home decoration services in 2024 and noted that (i) Yuexiu Property has delivered over 30,000 property units in each year of 2022 and 2023, which is in line with the estimated delivered properties used in the calculation model; and (ii) the proportion of procurement cost to the contracted sales amounts showed in the price sheet is in line with that used in the calculation model.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Buffers of 15% have been added in each of 2025, 2026 and 2027 respectively on top of the projected transaction amounts to accommodate uncertainties in the future such as unexpected increase in commodity price or surge in business scale of the Group's community value-added services. According to the 2023 AR and 2024 IR, the Group's revenue derived from community value-added services increased by approximately 43% from approximate RMB650.0 million for FY2022 to approximately RMB931.8 million for FY2023 and increased by approximately 61% from approximate RMB400.5 million for 1H2023 to approximately RMB645.5 million for 1H2024, respectively. We have discussed with the Management and concur that Proposed Annual Caps under the 2025 Procurement Framework Agreement will provide more flexibility to the Group for procuring the products and services to provide its community value-added services to the customers and improving the cost efficiency and the Proposed Annual Caps under the 2025 Procurement Framework Agreement are at the appropriate level after considering the significant growth in the relevant historical transaction amounts, the expected increment on procurement amounts of home decoration products from Yuexiu Property and its associates and the business scale of the Group's community value-added services.

Based on the abovementioned, we consider that the 15% buffers and Proposed Annual Caps under the 2025 Procurement Framework Agreement are fair and reasonable.

4. Internal Control Policies

The Company has adopted certain internal control procedures and corporate governance measures in relation to the 2025 Framework Agreements, details of which are included in section headed "INTERNAL CONTROL PROCEDURES FOR THE CONTINUING CONNECTED TRANSACTIONS" in the Letter from the Board. We have obtained and reviewed the Company's Guidelines on Information Disclosure of Connected Transactions which includes the relevant internal control procedures as well as the Company's Report on Continuing Connected Transactions for the first half of 2024 which includes the review results of the utilisation rates of the Existing Annual Caps for 2024.

For Property Management and Value-Added Services, we have obtained and reviewed 24 randomly selected historical transactions covering different types of Property Management and Value-Added Services provided by the Group to GZYX and Yuexiu Property and their respective associates (including GZM & YXP JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) and Independent Third Parties from 2022 to 2024, which we consider are sufficient, fair and representative

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

samples, and compared the services fee and payment terms for Property Management and Value-Added Services charged by the Group from GZYY and Yuexiu Property and their respective associates with those provided by the Group to the Independent Third Parties. We noted that (i) such reviewed historical transactions are on similar commercial terms; and (ii) the services fee for Property Management and Value-added Services charged by the Group from GZYY and Yuexiu Property and the relevant payment terms are no less favourable to the Group than those provided by the Group to Independent Third Parties.

For the procurement of Relevant Procured Products and Services, we have obtained and reviewed 2 randomly selected historical procurement contracts for dairy products and processed food procured by the Group from GZYY in 2023, which we consider are sufficient, fair and representative samples of historical procurement of the Group from GZYY, and compared the agreed procurement prices with the sales prices for the same products displayed on independent online shopping platform, and noted that the procurement prices of dairy products and processed food offered by GZYY to the Group are no less favourable to the Group than the sales prices for the same products displayed on independent online shopping platform. For the new home decoration products procured from Yuexiu Property, we have obtained and reviewed 10 sets of quotations of the same 59 home decoration products offered by Yuexiu Property and Independent Third Parties in 2023, which we consider are sufficient, fair and representative samples and we noted that the quotations offered by Yuexiu Property are not less favourable than the quotations offered by Independent Third Parties.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company every year. We have reviewed the 2022AR and 2023 AR and noted that the independent non-executive Directors and the auditor of the Company have reviewed the non-exempt continuing connected transactions, including the 2022 Property Management and Value-Added Services Framework Agreement, the 2022 Intelligent Services Framework Agreement and the 2022 Procurement Framework Agreement, during such years and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis and therefore the transactions contemplated under the 2025 Framework Agreements will be reviewed annually by the independent non-executive directors and the auditor of the Company.

Based on the above, we are of the view that the Group has effective internal control policies in place to monitor the continuing connected transactions under the 2025 Framework Agreements and the Proposed Annual Caps, and hence the interest of the Independent Shareholders would be safeguarded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the above factors and reasons, we are of the opinion that (i) the terms of the 2025 Framework Agreements (together with the Proposed Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of the Group's business; (iii) the entering into of the 2025 Framework Agreements is in the interests of the Company and its 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 General Meeting in respect of the 2025 Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps).

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 Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in corporate finance industry.

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 INTEREST IN SECURITIES

Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be 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 they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions in shares and underlying shares of the Company

Name of Director	Nature of interest	Interests in underlying shares pursuant to Share Option Scheme	Approximate percentage of shareholding in the Company (Note 1)
Mr. Zhang Jin (Note 3)	Personal	1,048,800 (Note 2)	0.07%

Notes:

- (1) The total number of 1,513,570,677 shares of the Company in issue as at the Latest Practicable Date was used for the calculation of the approximate percentage of shareholding.
- (2) The relevant interests are unlisted physically settled options granted pursuant to the Share Option Scheme.
- (3) These interests are share options that have been conditionally granted to the relevant Directors under the Share Option Scheme and were not vested as at the Latest Practicable Date.

Long positions in the shares and underlying shares of associated corporations

Name of Director/chief executive	Associated corporation	Number of shares held as personal interests	Approximate percentage of interests % (Note 5)
Mr. Zhu Huisong (Note 1)	Yuexiu Property	167,437	0.004%
Mr. Zhang Jianguo (Note 2)	Yuexiu Property	427,478	0.01%
Mr. Zhang Jin (Note 3)	Yuexiu Property	331,173	0.01%
Mr. Zhang Chenghao (Note 4)	Yuexiu Property	115,162	0.003%

Notes:

- (1) Mr. Zhu Huisong was interested in 167,437 shares of Yuexiu Property, out of which 64,757 shares were owned by him as beneficial owner and 102,680 shares were held for him as a beneficiary under the Yuexiu Property share incentive scheme trust for directors and senior management.
- (2) Mr. Zhang Jianguo was interested in 427,478 shares of Yuexiu Property, out of which 26,026 shares were owned by him as beneficial owner and 401,452 shares were held for him as a beneficiary under the Yuexiu Property share incentive scheme trust for directors and senior management.
- (3) Mr. Zhang Jin was interested in 331,173 shares of Yuexiu Property, out of which 248,775 shares were owned by him as beneficial owner and 82,398 shares were held for him as a beneficiary under the Yuexiu Property share award scheme trust for employees.
- (4) Mr. Zhang Chenghao was interested in 115,162 shares of Yuexiu Property, out of which 57,493 shares were owned by him as beneficial owner and 57,669 shares were held for him as a beneficiary under the Yuexiu Property share award scheme trust for employees.
- (5) The total number of 4,025,392,913 shares of Yuexiu Property in issue as at the Latest Practicable Date was used for the calculation of the approximate percentage of shareholding.

Director or employee of a company having an interest or short position in the shares and underlying shares of the Company

As at the Latest Practicable Date,

- (i) Mr. Zhu Huisong is an executive director of Yuexiu Property;
- (ii) Mr. Zhang Jianguo is the deputy general manager of Yuexiu Property;
- (iii) Mr. Zhang Jin is an assistant to the president of the commercial division of Yuexiu Property; and
- (iv) Mr. Yang Zhaoxuan is the deputy general manager of the operation business department of GZ Metro.

Yuexiu Property and GZ Metro are entities 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 Divisions 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' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors had any direct or indirect interest in any assets which had 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 2023, being the date to which the latest published audited financial statements of the Company were made up.

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 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there have been no material adverse changes in the financial or trading position of the Group since 31 December 2023, 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.

7 EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Maxa Capital Limited	a corporation licenced to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8 MISCELLANEOUS

- (1) The registered office and principal place of business of the Company is at 26/F, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.
- (2) The share registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (3) The secretary of the Company is Mr. Yu Tat Fung (余達峯) who is admitted as a solicitor of the High Court of Hong Kong.
- (4) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9 DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company (www.yuexiuservices.com) for a period of not less than 14 days from the date of this circular:

- (1) the 2025 Property Management and Value-Added Services Framework Agreement; and
- (2) the 2025 Procurement Framework Agreement.

NOTICE OF GENERAL MEETING



(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of shareholders of Yuexiu Services Group Limited (the “**Company**”) will be held at Plaza I–IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 20 December 2024 at 11:00 a.m. (the “**General Meeting**”), to consider and, if thought fit, pass, with or without amendments, the following resolutions below as ordinary 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 circular to shareholders of the Company dated 5 December 2024.

ORDINARY RESOLUTIONS

1 “THAT:

- (a) the transactions contemplated under the 2025 Property Management and Value-Added Services Framework Agreement, copy of which have been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification, and the relevant annual caps for the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) all acts done and things executed and all such documents or deeds entered into in connection with the implementation of the 2025 Property Management and Value-Added Services Framework Agreement and the transactions contemplated thereunder and the respective annual caps for the transactions contemplated thereunder be and are hereby ratified, confirmed and approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents or deeds and to take all steps as the Director may in his/her discretion consider necessary, desirable or expedient in connection with the implementation of the 2025 Property Management and Value-Added Services Framework Agreement or the transactions contemplated thereunder and/or the annual caps for the transactions contemplated thereunder and to make and agree to such variations, amendments or waivers of matters relating thereto, as are, in the opinion of the Director, necessary or desirable;

NOTICE OF GENERAL MEETING

2 THAT:

- (a) the transactions contemplated under the 2025 Procurement Framework Agreement, copy of which have been produced to the meeting marked “B” and signed by the Chairman of the meeting for the purpose of identification, and the relevant annual caps for the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) all acts done and things executed and all such documents or deeds entered into in connection with the implementation of the 2025 Procurement Framework Agreement and the transactions contemplated thereunder and the respective annual caps for the transactions contemplated thereunder be and are hereby ratified, confirmed and approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents or deeds and to take all steps as the Director may in his/her discretion consider necessary, desirable or expedient in connection with the implementation of the 2025 Procurement Framework Agreement or the transactions contemplated thereunder and/or the annual caps for the transactions contemplated thereunder and to make and agree to such variations, amendments or waivers of matters relating thereto, as are, in the opinion of the Director, necessary or desirable.”

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

Hong Kong, 5 December 2024

Registered office:
26/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Notes:

- 1. A member entitled to attend and vote at the General Meeting is entitled to appoint more than one proxy to attend and vote in his stead.
- 2. In order to be valid, form(s) of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for the holding of the General Meeting or any adjournment thereof.
- 3. The register of members of the Company will be closed from Wednesday, 18 December 2024 to Friday, 20 December 2024, both days inclusive, for the purpose of determining Shareholders’ entitlement to attend and vote at the General Meeting, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the General Meeting, Shareholders should ensure that all transfer documents,

NOTICE OF GENERAL MEETING

accompanied by the relevant share certificates, are lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Tuesday, 17 December 2024.

4. Where there are joint registered holders of any share, any one of such persons may vote at the General Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but should there be more than one of such joint holders present at the General Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Voting of the ordinary resolutions set out in this notice will be by way of poll.
6. Reference to times and dates in this notice are to Hong Kong times and dates.

As at the date of this circular, the Board comprises:

Executive Directors: WANG Jianhui, ZHANG Chenghao and ZHANG Jin

Non-executive Directors: ZHU Huisong (Chairman), ZHANG Jianguo and YANG Zhaoxuan

Independent Non-executive Directors: HUNG Shing Ming, HUI Lai Kwan and LEUNG Yiu Man