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This announcement and the Offering Circular referred to herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities or the guarantee of the securities referred to herein is being or will be made in the United States. This announcement and the Offering Circular have been published for information purposes only as required by the Listing Rules (as defined below) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities or the guarantee of the securities. Neither this announcement nor anything referred to herein (including the Offering Circular) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of the securities or the guarantee of the securities made pursuant to a prospectus issued by or on behalf of the Issuer, the REIT Manager and the Guarantor (each as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities or the guarantee of the securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Notice to Hong Kong investors: *The Issuer, the REIT Manager and the Guarantor confirm that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange (as defined below) on that basis. Accordingly, the Issuer, the REIT Manager and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

MOON KING LIMITED

(Incorporated in the British Virgin Islands with limited liability)

(the "Issuer")

(carrying on business in Hong Kong under the name "Yuexiu REIT Moon King Limited" instead of "MOON KING LIMITED")

CNY1,000,000,000 4.10% Guaranteed Notes due 2028

(Stock code: 85018)

(the "Notes")

Unconditionally and Irrevocably Guaranteed by

HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED

(incorporated in Hong Kong with limited liability)

in its capacity as trustee, and with recourse limited to the assets, of

越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

(Stock code: 00405)

(in such capacity, the "Guarantor")

Managed by

越秀房託資產管理有限公司

YUEXIU REIT ASSET MANAGEMENT LIMITED

(incorporated in Hong Kong with limited liability)

(in its capacity as manager of Yuexiu Real Estate Investment Trust)

(the "REIT Manager")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

Please refer to the offering circular dated 26 March 2025 in relation to the Notes (the "**Offering Circular**") as appended hereto. As disclosed in the Offering Circular, the Notes issued were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended.

Hong Kong, 3 April 2025

As at the date of this announcement, the directors of the Issuer are Mr. LIN Deliang, Ms. OU Haijing and Mr. CHEN Yongqin.

As at the date of this announcement, the board of directors of the REIT Manager comprises:

Executive Directors:	*Mr. LIN Deliang (Chairman) and Ms. OU Haijing*
Non-executive Directors:	*Mr. LI Feng and Mr. ZENG Zhizhao*
Independent Non-executive Directors:	*Mr. CHAN Chi On Derek, Mr. CHAN Chi Fai Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou*

APPENDIX 1 — OFFERING CIRCULAR IN RELATION TO THE NOTES DATED 26 MARCH 2025

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor, the REIT Manager or Yuexiu REIT (each as defined in the Offering Circular) or from CLSA Limited, CMB International Capital Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, DBS Bank Ltd., China Zheshang Bank Co., Ltd. (Hong Kong Branch), China Securities (International) Corporate Finance Company Limited, Yue Xiu Securities Company Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, China CITIC Bank International Limited and Chong Hing Bank Limited (together, the "**Joint Lead Managers**") as a result of such access. In order to review the Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: The Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT and the Joint Lead Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee (as defined in the Offering Circular) or the Agents (as defined in the Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Joint Lead Managers will provide a hard copy version to you upon request.

Restrictions: The Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES AND THE GUARANTEE DESCRIBED IN THE OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES AND THE GUARANTEE MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer, the Guarantor, the REIT Manager and Yuexiu REIT in such jurisdiction.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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MOON KING LIMITED

(incorporated in the British Virgin Islands with limited liability)
(as Issuer)
(carrying on business in Hong Kong under the name "Yuexiu REIT Moon King Limited" instead of "MOON KING LIMITED")

CNY1,000,000,000 4.10 PER CENT. GUARANTEED NOTES DUE 2028

Unconditionally and Irrevocably Guaranteed by

HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED

(incorporated in Hong Kong with limited liability)
(in its capacity as trustee, and with recourse limited to the assets, of)

越秀房地產投資信託基金
YUEXIU REAL ESTATE INVESTMENT TRUST

YUEXIU REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)
(stock code: 00405)

Managed by

越秀房託資產管理有限公司
YUEXIU REIT ASSET MANAGEMENT LIMITED

YUEXIU REIT ASSET MANAGEMENT LIMITED

(incorporated in Hong Kong with limited liability)
(in its capacity as manager of Yuexiu Real Estate Investment Trust)

Issue Price: 100.0 per cent.

The CNY1,000,000,000 4.10 per cent. guaranteed notes due 2028 (the "**Notes**") will be issued by MOON KING LIMITED (carrying on business in Hong Kong under the name "Yuexiu REIT Moon King Limited" instead of "MOON KING LIMITED") (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of, and with recourse limited to the assets of, Yuexiu Real Estate Investment Trust ("**Yuexiu REIT**")) (the "**REIT Trustee**") (in such capacity, the "**Guarantor**"). The Issuer is a wholly-owned subsidiary of the REIT Trustee as trustee of Yuexiu REIT. Yuexiu REIT is managed by Yuexiu REIT Asset Management Limited (the "**REIT Manager**", which expression shall mean the REIT Manager in its capacity as manager of Yuexiu REIT).

The Notes will be constituted by and have the benefit of a trust deed (the "**Trust Deed**") dated 2 April 2025 (the "**Issue Date**") between the Issuer, the Guarantor, the REIT Manager and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**").

The Notes will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, except as provided in the Terms and Conditions of the Notes and save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future, as further described in "*Terms and Conditions of the Notes — Status of Notes and Guarantee*".

The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.10 per cent. per annum, payable semi-annually in arrear on 2 April and 2 October in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in the Terms and Conditions of the Notes), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, and to the extent described in "*Terms and Conditions of the Notes — Taxation*".

The controlling shareholder of the REIT Manager, Guangzhou Yuexiu Holdings Limited ("**GZ Yuexiu**"), has completed the pre-issuance registration (the "**Pre-Issuance Registration**") of the issuance of the Notes with the National Development and Reform Commission of the PRC (the "**NDRC**") in accordance with the Administrative Measures for the Review and Registration of Medium and Long-term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》(國家發展和改革委員會令第56 號)) (the "**Order 56**") effective on 10 February 2023. GZ Yuexiu has received a Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts ("企業借用外債審核登記證明") dated 29 April 2024 from the NDRC with respect to the Pre-Issuance Registration, pursuant to which Yuexiu REIT could issue the Notes, and which as at the date of this Offering Circular, remains valid and in full force and effect. The Issuer or the REIT Manager will be required to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes, within the relevant prescribed timeframes after the Issue Date, and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

Unless previously redeemed, or purchased and cancelled, each Note shall be finally redeemed at its principal amount on the Interest Payment Date falling on, or nearest to 2 April 2028. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with unpaid interest accrued to, but excluding, the date fixed for redemption) in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC as described under "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*". At any time while any of the Notes remains outstanding and following the occurrence of a Change of Control Put Event (as defined in the Terms and Conditions of the Notes), then the holder of each such Note will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined in the Terms and Conditions of the Notes) the Issuer has given notice of redemption under Condition 6(b) of the Terms and Conditions of the Notes) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined in the Terms and Conditions of the Notes) at 101 per cent. of its principal amount, together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption following Change of Control*".

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Notes in the context of their financial condition and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes will be issued in registered form and in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Notes are not rated.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The Notes and the Guarantee are being offered in offshore transactions outside the United States in reliance on Regulation S of the Securities Act ("Regulation S"). For a description of these and certain further restrictions on offers and sales of the Notes and the Guarantee and distribution of this Offering Circular, see "*Subscription and Sale***".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer, the REIT Manager and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer, the REIT Manager and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the REIT Manager, the Guarantor, Yuexiu REIT, the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering 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 Offering Circular.

The Notes will be initially represented by beneficial interest in a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, definitive certificates for Notes will not be issued in exchange for interests in the Global Certificate. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream**"), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CITIC Securities — **CMB International** — **Shanghai Pudong Development Bank Hong Kong Branch** — **DBS Bank Ltd.**

China Zheshang Bank Co., Ltd. (Hong Kong Branch) — **China Securities International** — **Yue Xiu Securities**

Joint Lead Managers and Joint Bookrunners

Industrial Bank Co., Ltd. Hong Kong Branch — **Guotai Junan International** — **Haitong International**

China CITIC Bank International — **Chong Hing Bank**

Offering Circular dated 26 March 2025

NOTICE TO INVESTORS

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering 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 Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the REIT Trustee, the REIT Manager, Yuexiu REIT and the Group. Each of the Issuer and the REIT Manager accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The REIT Trustee takes no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability (other than in its capacity as trustee of Yuexiu REIT) whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular except that the REIT Trustee accepts full responsibility for the accuracy of the information in relation to the REIT Trustee contained in this Offering Circular.

Each of the Issuer and the REIT Manager confirms, having made all reasonable inquiries, that (i) this Offering Circular contains all information with respect to the Issuer, the REIT Manager, Yuexiu REIT, the Group, the Notes and the Guarantee which is material in the context of the issue and offering of the Notes and the giving of the Guarantee; (ii) the statements relating to the Issuer, the REIT Manager, Yuexiu REIT and the Group contained in this Offering Circular are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the REIT Manager, Yuexiu REIT and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the REIT Manager, Yuexiu REIT, the Group, the Notes or the Guarantee, the omission of which would, in the context of the issue and offering of the Notes or the giving of the Guarantee, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the REIT Manager to ascertain such facts and to verify the accuracy of all such information.

The REIT Trustee, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the REIT Trustee which is material in the context of the issue and offering of the Notes and the giving of the Guarantee; (ii) the statements relating to the REIT Trustee contained in this Offering Circular are in every material respect true and accurate and not misleading; (iii) the opinions and intentions, if any, expressed in this Offering Circular with regard to the REIT Trustee are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the REIT Trustee, the omission of which would, in the context of the issue and offering of the Notes or the giving of the Guarantee, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the REIT Trustee to ascertain such facts and to verify the accuracy of all such information and statements.

Each of the Issuer and the REIT Manager has prepared this Offering Circular solely for use in connection with the proposed offering of the Notes and giving of the Guarantee described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of CLSA Limited, CMB International Capital Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, DBS Bank Ltd., China Zheshang Bank Co., Ltd. (Hong Kong Branch), China Securities (International) Corporate Finance Company Limited, Yue Xiu Securities Company

Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, China CITIC Bank International Limited and Chong Hing Bank Limited (together, the "**Joint Lead Managers**"), the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the Notes.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by each of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee and the Agents and each of their respective directors, officers, employees, agents, representatives, affiliates or advisers and each person who controls any of them to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Notes and the Guarantee and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Notes, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Group, the Notes or the Guarantee other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, any member of the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished in connection with the offering of the Notes and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering

Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Notes offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT and the Group, and the merits and risks involved in investing in the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and none of them assumes any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent, or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them or on its behalf, in connection with the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Group, the issue and offering of the Notes or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee and the Agents and each of their respective directors, officers, employees, affiliates, representatives, agents and advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE

APPOINTED AND ACTING AS THE STABILISATION COORDINATOR) (THE "STABILISATION MANAGER(S)"), OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S), MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Offering Circular summarises certain material documents and other information, and each of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee and the Agents and each of their respective directors, officers, employees, affiliates, representatives, agents and advisers and any person who controls any of them refers the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. None of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them is making any representations regarding the legality of an investment in the Notes under any law or regulation.

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, the Guarantor, the REIT Manager and Yuexiu REIT may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. These entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, the Guarantor, the REIT Manager and Yuexiu REIT and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, the Guarantor, the REIT Manager or Yuexiu REIT as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

The REIT Code contains rules governing transactions between Yuexiu REIT and certain defined categories of connected persons. Such transactions will constitute connected party transactions for the purposes of the REIT Code. Yuexiu REIT's connected persons include, among others, a Substantial Holder (as defined in the REIT Code) and an associate of such Substantial Holder. As a result, the list of connected persons of Yuexiu REIT will include the associated companies of its Substantial Holders, and accordingly, Yue Xiu Securities Company Limited and Chong Hing Bank Limited are connected persons of Yuexiu REIT ("**Yuexiu Connected Managers**").

If, in the course of the offer for sale or distribution or issue of the Notes, there is or is expected to be any connected party transaction between Yuexiu REIT and/or any connected person which is not covered by any waiver or dispensation, such as the Yuexiu Connected Managers, Yuexiu REIT will, having regard to the facts and circumstances of the relevant transaction, either comply with all applicable requirements of the REIT Code in respect thereof, or seek an appropriate waiver or dispensation from the SFC.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations.

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong, the British Virgin Islands or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the REIT Manager believes the information to be reliable, it has not been independently verified by the Issuer, the REIT Manager, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Group, and the terms of the offering and the Notes, including the merits and risks involved. Where information has been sourced from a third party, the Issuer and the REIT Manager confirm that this information has been accurately reproduced and that, as far as the Issuer and the REIT Manager are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial information of Yuexiu REIT as at and for the years ended 31 December 2023 has been derived from the consolidated financial statements included in the annual report of Yuexiu REIT for the year ended 31 December 2023, including the notes thereto, and included elsewhere in this Offering Circular. The consolidated financial statements of Yuexiu REIT as at and for the year ended 31 December 2023 were prepared and presented in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") and audited by Ernst & Young, Certified Public Accountants in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The consolidated financial information of Yuexiu REIT as at and for the year ended 31 December 2024 included in this Offering Circular has been extracted from the consolidated result of Yuexiu REIT prepared under HKFRSs for the year ended 31 December 2024 announced on 17 March 2025 (the "**2024 Result Announcement**"), including the notes thereto, included elsewhere in this Offering Circular. In addition, the consolidated financial statements as at and for the year ended 31 December 2024 have been prepared in accordance with the relevant provisions of the REIT Trust Deed dated 7 December 2005, as amended by the first supplemental deed on 25 March 2008, the second supplemental deed on 23 July 2010, the third supplemental deed on 25 July 2012, the fourth supplemental deed dated 3 April 2020 and fifth supplemental deed dated 28 May 2021 (the "**REIT Trust Deed**") and the relevant disclosure requirements set out in Appendix C of the REIT Code.

The annual results set out in the 2024 Result Announcement have been reviewed by the disclosures committee and the audit committee of the REIT Manager and the figures of Yuexiu REIT's results as at and for the year ended 31 December 2024 have been agreed by the Yuexiu REIT's auditors, Ernst & Young, to the amounts set out in Yuexiu REIT's consolidated financial statements as at and for the year ended 31 December 2024. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

Potential investors should exercise caution when using such information to evaluate the Group's financial condition and results of operations. In addition, the historical financial information of the Group should not be taken as an indication of future financial performance.

As at the date of this Offering Circular, other than the financial statements of Yuexiu REIT, the Issuer and the Guarantor have not published and do not intend to publish any financial statements.

CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**U.S.$**", "**US dollars**" and "**U.S. dollars**" are to the lawful currency of the United States of America; all references to "**HK$**" and "**Hong Kong dollars**" are to the lawful currency of Hong Kong; all references to "**Renminbi**", "**CNY**" and "**RMB**" are to the lawful currency of the PRC; all references to "**United States**", "**US**" or "**U.S.**" are to the United States of America; all references to "**China**", "**Mainland China**" and the "**PRC**" mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; all references to "**PRC Government**" mean the central, provincial, municipal and local government entities of the PRC; all references to "**Hong Kong**" are to the Hong Kong Special Administrative

Region of the PRC; all references to "**Macau**" are to the Macao Special Administrative Region of the PRC; all references to "**United Kingdom**" are to the United Kingdom of Great Britain and Northern Ireland; all references to "**Singapore**" are to the Republic of Singapore; and all references to "the **BVI**" are to the British Virgin Islands.

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of Yuexiu REIT*" and elsewhere in this Offering Circular constitute "**forward looking statements**". The words including "**aim**", "**anticipate**", "**believe**", "**could**", "**estimate**", "**expect**", "**forecast**", "**plan**", "**predict**", "**schedule**", "**should**", "**will**", "**would**", and their negatives or similar words or expressions identify forward looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial condition, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the REIT Manager expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, Yuexiu REIT's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's or the REIT Manager's expectations. All subsequent written and forward looking statements attributable to the Issuer, Yuexiu REIT, the REIT Manager, the Group or persons acting on behalf of any of them are expressly qualified in their entirety by such cautionary statements.

CONTENTS

SUMMARY

OVERVIEW

Yuexiu REIT was the first Hong Kong REIT listed with a PRC focused property portfolio. The portfolio mainly comprises nine premium commercial properties located in Chinese Mainland including: (a) six properties located in Guangzhou, namely Guangzhou IFC, White Horse Property, Fortune Plaza Property, City Development Plaza Property, Victory Plaza Property and Yuexiu Financial Tower; (b) Shanghai Yue Xiu Tower located in Shanghai; (c) 67 per cent. of the Wuhan Property located in Wuhan; and (d) Hangzhou Victory Business Center located in Hangzhou (collectively, the "**Main Properties**"), which have a solid track record of revenue and property valuation growth. Yuexiu REIT derives almost all of its income from the Main Properties. Yuexiu REIT also acquired units one to three on the 17th floor and units one to three on the 23rd floor of Yue Xiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong (the "**Hong Kong Properties**", and together with the Main Properties, the "**Properties**").

REIT Manager

The REIT Manager, Yuexiu REIT Asset Management Limited, is wholly-owned by Yuexiu Property and was incorporated for the sole purpose of managing the assets of Yuexiu REIT. It is licensed by the SFC to conduct the regulated activity of asset management, as required by the REIT Code. In addition to managing the assets of Yuexiu REIT, among other things, the REIT Manager sets the strategic direction and risk management policies of Yuexiu REIT and is responsible for the acquisition, divestment or enhancement of Yuexiu REIT assets in accordance with its stated investment strategy and the REIT Trust Deed, subject to the oversight of the REIT Trustee.

Specifically, the REIT Manager may require the REIT Trustee to guarantee borrowings or to borrow on behalf of Yuexiu REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Yuexiu REIT to meet any liabilities or to finance the acquisition of any property. However, the REIT Manager may not direct the REIT Trustee to guarantee or to incur a borrowing if it involves the personal liability of the REIT Trustee or if to do so would mean that Yuexiu REIT's total borrowings exceed 50 per cent. (or such other limit as may be stipulated under the REIT Code) of the total asset value of the Deposited Property as set out in Yuexiu REIT's latest published audited accounts immediately prior to the time the borrowing is incurred as adjusted by: (i) deducting the amount of any distribution proposed by the REIT Manager in such audited accounts and any distribution declared by the REIT Manager since the publication of such accounts; and (ii) where appropriate, the latest published valuation of the assets of Yuexiu REIT if such valuation is published after the publication of such accounts.

REIT Trustee

HSBC Institutional Trust Services (Asia) Limited, is a company incorporated under the laws of Hong Kong, which is registered as a trust company under section 77 of the Trustee Ordinance (Cap. 29) of Hong Kong and licensed by the SFC to conduct the regulated activity of providing depository services for SFC-authorised collective investment schemes. It is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited.

The REIT Trustee has the fiduciary duty to hold the assets of Yuexiu REIT on trust for the benefit of Unitholders and to oversee the activities of the REIT Manager for compliance with the REIT Trust Deed, the REIT Code, and other regulatory requirements applicable to Yuexiu REIT. This includes ensuring that all investment activities carried out by the REIT Manager are in line with the investment objectives and policies of Yuexiu REIT.

The REIT Trustee is entitled to apply, and to be reimbursed from, the Deposited Property for all costs and expenses and other liabilities properly incurred in its capacity as the trustee of Yuexiu REIT.

COMPETITIVE STRENGTHS OF YUEXIU REIT

The REIT Manager believes that Yuexiu REIT is well-positioned to take advantage of the continued development of the property market in the PRC by leveraging on the following competitive strengths:

- ***Robust operating performance and stable recurring income***
- ***Diversified portfolio of landmark properties with strategic locations***
- ***Strong support from Yuexiu Property***
- ***Solid financial performance and prudent financial policy***
- ***Effective corporate governance and highly experienced management team***

STRATEGIES OF YUEXIU REIT

The REIT Manager intends to continue implementing the following strategies:

- ***Continue to actively explore acquisition opportunities***
- ***Continue to actively manage Yuexiu REIT to maintain growth***
- ***Continue to utilise asset enhancement strategies***
- ***Maintain sound financial management strategies***

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth the selected consolidated financial information of Yuexiu REIT. The selected audited consolidated financial information of Yuexiu REIT as at and for the years ended 31 December 2023 has been derived from the consolidated financial statements included in the annual report of Yuexiu REIT for the year ended 31 December 2023 and the selected consolidated financial information of Yuexiu REIT as at and for the year ended 31 December 2024 has been derived from the final results announcement of Yuexiu REIT for the year ended 31 December 2024, including the notes thereto, and included elsewhere in this Offering Circular.

The consolidated financial statements of Yuexiu REIT as at and for the year ended 31 December 2023 were prepared and presented in accordance with the HKFRSs and audited by Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The consolidated financial statements of Yuexiu REIT as at and for the year ended 31 December 2024 were prepared and presented in accordance with the HKFRSs and agreed by Ernst & Young.

Consolidated Statement of Profit or Loss and Other Comprehensive Income [1]

	For the year ended 31 December	
	2023	**2024[2]**
	RMB ’000	
	(audited)	
Revenue	2,086,855	2,031,536
Operating expenses, net	(978,938)	(946,384)
Fair value gains/(losses) on investment properties	27,579	(321,859)
Net gains on derivative financial instruments	145,327	26,747
Finance income	36,180	28,080
Finance expenses	(1,069,506)	(1,000,713)
Profit/(loss) before income tax and transactions with unitholders	247,497	(182,593)
Income tax expense	(251,452)	(153,996)
Loss after income tax before transactions with unitholders	(3,955)	(336,589)
Transactions with unitholders	187,476	611,600
Profit after income tax after transactions with unitholders	183,521	275,011
Other comprehensive income/(loss) for the year:		
Items that will not be reclassified to profit or loss		
Change in fair value of property, plant and equipment		
— Gross	18,258	(82,129)
— Tax	(5,114)	23,002
	13,144	(59,127)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(205,109)	(232,512)
Other comprehensive loss for the year, net of tax	(191,965)	(291,639)
Total comprehensive loss for the year	**(8,444)**	**(16,628)**

Notes:

(1) In accordance with the REIT Trust Deed, Yuexiu REIT is required to distribute to Unitholders not less than 90 per cent. of its total distributable income for each financial period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with Unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with Hong Kong Accounting Standard 32, Financial Instruments: Disclosure and Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders are part of finance costs which are recognised in the consolidated statement of profit or loss and other comprehensive income. The classification does not have an impact on the net assets attributable to the Unitholders. It only affects how Unitholders' funds are disclosed in the consolidated statement of financial position and how distributions are disclosed in the consolidated statement of profit or loss and other comprehensive income. Total distributable income is determined in the consolidated distribution statement.

(2) The figures for the year ended 31 December 2024 have been agreed by Yuexiu REIT's auditors, Ernst & Young.

Consolidated Statement of Financial Position

	As at 31 December	
	2023	2024[1]
	RMB'000	
	(audited)	
Non-current assets		
Property, plant and equipment	2,131,642	1,974,360
Right-of-use assets	1,156,361	1,095,174
Investment properties	37,771,146	37,494,008
Deferred assets prepayments, deposits and other receivables	203,236	185,465
Goodwill	859,868	839,001
Total non-current assets	42,122,253	41,588,008
Current assets		
Inventories	3,077	2,860
Trade and lease receivables	22,229	18,775
Amounts due from related parties	58,450	156,247
Deferred assets, prepayments, deposits and other receivables	88,967	61,333
Derivative financial instruments	12,015	—
Tax recoverable	11,363	11,541
Bank deposits	110,000	50,000
Cash and cash equivalents	1,417,727	1,396,154
Total current assets	1,723,828	1,696,910
Total assets	43,846,081	43,284,918
Equity		
Reserves	(327,358)	(618,381)
Retained earnings	327,358	618,381
Non-controlling interests	1,206,832	1,188,933
Total equity	1,206,832	1,188,933
Current liabilities		
Trade payables	14,263	16,517
Rental deposits, current portion	216,442	218,685
Receipts in advance	111,392	102,138
Accruals and other payables	489,511	442,628
Amounts due to related parties	123,829	122,850
Borrowings	5,844,681	4,607,000
Lease liabilities	11,965	11,826
Tax payable	58,741	85,572
Total current liabilities	6,870,824	5,607,216
Non-current liabilities, other than net assets attributable to unitholders		
Rental deposits, non-current portion	192,097	163,143
Borrowings	14,409,875	15,972,956
Deferred tax liabilities	5,521,648	5,523,292
Lease liabilities	11,826	—
Total non-current liabilities	20,135,446	21,659,391
Total liabilities, other than net assets attributable to unitholders	27,006,270	27,266,607
Net assets attributable to unitholders	15,632,979	14,829,378
Total equity and liabilities	43,846,081	43,284,918
Net current liabilities	(5,146,996)	(3,910,306)
Units in issue ('000)	4,915,738	5,090,738
Net assets attributable to unitholders per unit (RMB)	3.18	2.91

Note:

(1) The figures as at 31 December 2024 have been agreed by Yuexiu REIT's auditors, Ernst & Young.

Consolidated Statement of Cash Flows

	For the year ended 31 December	
	2023	2024[(1)]
	RMB'000	
	(audited)	
Cash flows from operating activities		
Cash generated from operations	1,452,090	1,246,153
Interest paid	(854,716)	(886,701)
Income tax paid	(146,263)	(140,807)
Net cash generated from operating activities	451,111	218,645
Cash flows from investing activities		
Additions of investment properties	(45,726)	(47,160)
Additions of property, plant and equipment	(22,302)	(15,739)
Disposal of property, plant and equipment	41	451
Interest received	36,180	24,618
Increase in bank deposits	(90,000)	(50,000)
Redemption on maturity of bank deposits	30,000	110,000
Net cash from/(used in) investing activities	(91,807)	22,170
Cash flows from financing activities		
Distribution paid	(453,738)	(335,226)
Proceeds from borrowings, net of transaction costs	6,776,240	5,969,453
Repayment of borrowings	(6,797,528)	(5,933,129)
Settlement of derivative financial instruments	210,258	40,889
Principal elements of lease payments	(12,207)	(11,965)
Net cash used in financing activities	(276,975)	(269,978)
Net (decrease)/increase in cash and cash equivalents	82,329	(29,163)
Cash and cash equivalents at beginning of the year	1,333,773	1,417,727
Effects of exchange rate changes on cash and cash equivalents	1,625	7,590
Cash and cash equivalents at end of the year	1,417,727	1,396,154

Note:

(1) The figures for the year ended 31 December 2024 have been agreed by Yuexiu REIT's auditors, Ernst & Young.

Other Financial Data

	As at/For the year ended 31 December	
	2023	2024
	RMB'000	
Adjusted EBITDA[(1)]	1,493,695	1,411,955
Adjusted EBITDA/Finance Cost [(2)]	1.62	1.53
Total Debt/Adjusted EBITDA[(3)]	13.56	14.58
Total Debt/Total Assets	56%	58%
Total Debt/Net assets attributable to unitholders	130%	139%
Total Debt/Total Capitalisation[(4)]	56%	58%

Notes:

(1) Adjusted EBITDA is calculated as profit for the year excluding income tax expense, depreciation of property, plant and equipment, amortisation of land use rights, finance cost, foreign exchange gain/loss on finance activities, change in fair value of investment properties and derivative financial instruments, withholding tax, manager's fee in the form of units, gain on disposal of subsidiaries, write back of construction payable. Adjusted EBITDA also includes cash received and/or receivables in accordance with the deed of support arrangement. Adjusted EBITDA is not a standard measure under HKFRSs. Adjusted EBITDA is a widely used financial indicator of a REIT's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit or any other measure of performance or as an indicator of Yuexiu REIT's operating performance, liquidity, profitability or cash flows. Adjusted EBITDA does not account for taxes, interest expense or other non-operating cash expenses and one-off expenses in relation to acquisition of subsidiaries. In evaluating Adjusted EBITDA, the REIT Manager believes that investors should consider, among other things, the components of Adjusted EBITDA and the amount by which Adjusted EBITDA exceeds capital expenditures and other charges. Adjusted EBITDA has been included in this Offering Circular because the REIT Manager believes it is a useful supplement to cash flow data as a measure of Yuexiu REIT's performance and its ability to generate cash flow from operations to service debt and pay taxes. Adjusted EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies because not all companies use the same definition.

(2) Finance Cost mainly represents the sum of loan interest expense, bond expense, and loan transaction cost.

(3) Total Debt/Adjusted EBITDA is calculated by dividing Total Debt at the end of the relevant period by Adjusted EBITDA for the last 12 months. Total Debt equals the sum of current and non-current borrowings.

(4) Total capitalisation represents the sum of Total Debt and net assets attributable to unitholders.

THE OFFERING

The following summary contains some basic information about the Notes. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular.

Issuer	MOON KING LIMITED (carrying on business in Hong Kong under the name "Yuexiu REIT Moon King Limited" instead of "MOON KING LIMITED").
Guarantor	HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of, and with recourse limited to the assets of, Yuexiu Real Estate Investment Trust).
REIT Manager	Yuexiu REIT Asset Management Limited.
The Notes	CNY1,000,000,000 4.10 per cent. guaranteed notes due 2028.
The Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. The Guarantor's obligations in that respect will be contained in the Trust Deed.
Status of the Notes and the Guarantee	The Notes will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, except as provided in the Terms and Conditions of the Notes and save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future, as further described in "*Terms and Conditions of the Notes — Status of Notes and Guarantee*".
Issue Price	100.0 per cent. of the principal amount of the Notes.
Form and Denomination	The Notes will be issued in registered form and in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Issue Date	2 April 2025.
Maturity Date	The Interest Payment Date falling on, or nearest to, 2 April 2028.

Interest	The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.10 per cent. per annum, payable semi-annually in arrear on 2 April and 2 October in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 5 of the Terms and Conditions of the Notes), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.
Negative Pledge	See "*Terms and Conditions of the Notes — Covenants — Negative Pledge*".
Borrowings	See "*Terms and Conditions of the Notes — Covenants — Borrowings*".
Cross-Default	See "*Terms and Conditions of the Notes — Events of Default — Cross-Default*".
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is required to be made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the aggregate rate applicable on 26 March 2025 (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will increase the amounts paid by it to the extent required, so that the net amount received by the Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer or, as the case may be, the Guarantor is required to make any such withholding or deduction by or within Hong Kong and/or the British Virgin Islands, or (ii) the Issuer or, as the case may be, the Guarantor is required to make any such additional withholding or deduction in excess of the Applicable Rate by or within the PRC, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note in the circumstances as set out in "*Terms and Conditions of the Notes — Taxation*".

Final Redemption . . . .

Unless previously redeemed or purchased and cancelled as provided in Condition 6 of the Terms and Conditions of the Notes, each Note shall be finally redeemed at its principal amount on the Interest Payment Date falling on, or nearest to, 2 April 2028.

Redemption for Taxation Reasons . . . .

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent at their principal amount (together with unpaid interest accrued to but excluding the date fixed for redemption) in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC, as further described in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*".

Redemption following Change of Control . . . .

If, at any time while any of the Notes remains outstanding, a Change of Control Put Event occurs, then the holder of each such Note will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice, the Issuer has given notice of redemption under Condition 6(b) of the Terms and Conditions of the Notes) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption following Change of Control*".

Further Issues	The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them and the timing for making the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Notes or upon such terms as the Issuer may determine at the time of their issue. References in the Terms and Conditions of the Notes to the Notes include (unless the context requires otherwise) any further notes issued pursuant to Condition 15 of the Terms and Conditions of the Notes and consolidated and forming a single series with the outstanding Notes. See "*Terms and Conditions of the Notes — Further Issues*".
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
CMU Lodging and Paying Agent, Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Governing Law and Jurisdiction	Hong Kong law with the exclusive jurisdiction of Hong Kong courts.
Listing.	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and it is expected that permission to deal in, and listing of, the Notes on the Hong Kong Stock Exchange will become effective on 3 April 2025.
Selling Restrictions.	The Notes and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Clearing System	The Notes will be initially represented by beneficial interests in the Global Certificate, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator of the CMU. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, definitive certificates for the Notes will not be issued in exchange for interests in the Global Certificate. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator.

Clearance and Settlement	The Notes have been accepted for clearance through the CMU with CMU Instrument Number BOAKFB25015, Common Code 302935718 and ISIN HK0001120705.
Notices and Payment	So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Notes may be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by the Terms and Conditions of the Notes.
Use of Proceeds	See "*Use of Proceeds*".

RISK FACTORS

Any investment in the Notes involves a number of risks. You should consider carefully the following information about the risks described below, together with the other information contained in this Offering Circular before making an investment decision. If any of the following risks actually occur, Yuexiu REIT's business, financial condition, results of operations, profitability, future prospects or cash flow could be materially and adversely affected. Additional risks or uncertainties not presently known to the Issuer and the REIT Manager, or which the Issuer and the REIT Manager currently deem to be immaterial, may also materially and adversely affect Yuexiu REIT's business, financial condition, results of operations, profitability, future prospects or cash flow. There can be no assurance that any of the events discussed in the risk factors below will not occur and if such events do occur, you may lose all or part of your original investment in the Notes. The statements below regarding the risk factors of holding any Notes are not exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Risks Relating to the Investments in Real Estate

There are general risks attached to investments in real estate.

Investments in real estate are subject to various risks, including, but not limited to: (i) adverse changes in political or economic conditions, (ii) adverse local market conditions, (iii) the financial condition of tenants and buyers and sellers of properties, (iv) changes in availability of debt or equity financing, which may result in an inability of Yuexiu REIT to finance future acquisitions on favourable terms or at all, (v) changes in interest rates and other operating expenses, (vi) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies, (vii) environmental claims arising in respect of real estate, (viii) changes in market rents, (ix) changes in energy prices, (x) changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market, (xi) competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms, (xii) inability to renew tenancies or re-let space as existing tenancies expire, (xiii) inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of tenants or otherwise, (xiv) insufficiency of insurance coverage or increases in insurance premiums, (xv) increases in the rate of inflation, (xvi) inability of the REIT Manager to provide or procure the provision of adequate maintenance and other services, (xvii) defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure, (xviii) unapproved uses of the Properties which may result in relevant Group Companies being in breach of the terms and conditions in the relevant land use rights, which may give rise to the right on the part of the relevant governmental authority to terminate the land use rights and re-enter the property, (xix) the relative illiquidity of real estate investments, (xx) considerable dependence on cash flows for the maintenance of, and improvements to, the portfolio properties, (xxi) increased operating costs, including real estate taxes, (xxii) any interest and encumbrance that cannot be or has not been revealed by a land search conducted at the relevant Land Resources and Housing Administrative Bureau at the time of the search, (xxiii) fire or other damage to the properties, and (xxiv) acts of God, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental rates or operating expenses, resulting in a material adverse effect on the value of real estate and income derived from real estate. The annual valuation of portfolio properties will reflect such factors and as a result, such valuation may fluctuate significantly upwards or downwards. The capital value of the Properties may be significantly diminished in the event of a sudden downturn in real estate market prices in the PRC or Hong Kong or the overall economy of the PRC or Hong Kong.

Yuexiu REIT may be adversely affected by conditions in the global economy and financial markets.

Any severe or prolonged slowdown in the Chinese or global economy may have a negative impact on the business of Yuexiu REIT. Concerns over inflation, deflation, geopolitical issues, the availability and cost of credit, volatile oil price, the rise in anti-globalisation sentiment and the ambiguity of the policies of the United States administration have contributed to increased volatility for the global economy and the markets. The United Kingdom's exit from the European Union in January 2020 has created further challenges to regional stability. On 24 February 2022, Russia launched a large-scale military action against Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. Recently, the current events in Israel and Gaza that commenced in October 2023 could increase the risk of destabilisation of the broader Gulf region and the situation remains highly volatile and uncertain. The geopolitical and macroeconomic consequences of such conflict and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine, Gulf region or elsewhere, could severely impact the world economy. These events have or could generally put a downward pressure on the real estate sector globally and could adversely affect Yuexiu REIT's business, financial condition and results of operation.

In addition, in recent years, private investment growth has been weak and the growth in real estate investment and sales has slowed down in certain regions as a result of the increasingly tightened macro-control on the PRC property market and financial deleverage. The PRC and Hong Kong real estate markets and the leasing markets have been experiencing downturn pressures. Furthermore, in 2024, the global economy experienced a weak recovery due to the impact of multiple factors including inflation, high interest rates and geopolitics. However, despite the negative factors such as severe external environment and weak momentum for investment, consumption and export, China's macro-economy showed an overall steady and progressive trend, recording a year-on-year GDP growth of 5 per cent., which was among the highest in the world, with major economic indicators remaining basically stable. Nevertheless, there is still uncertainty in the global macro-economic environment, especially in terms of the real estate market, export growth, domestic consumption and supply chain disruptions.

Any deterioration in economic conditions may have a material adverse effect on Yuexiu REIT's business in a number of ways. In particular, current and potential tenants may be unable to sustain their business operations or make agreed upon rental payments, all of which could lead to a reduction of, or fluctuations in, demand for Yuexiu REIT's Properties, reduction of profit margins and delay of its receipt of rental payments. There may be downward pressure on rental rates caused by increased vacancies or reduction in leased space. In addition, any fluctuation in liquidity or deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for Yuexiu REIT. Any of the above factors may materially and adversely affect Yuexiu REIT's business, financial condition, results of operations, prospects and cash flows.

Further, the prolonged trade dispute between the United States and the PRC may continue to weaken the global economy, raise prices for businesses and consumers, delay corporate investments and slow economic growth around the globe. Continued turbulence in the international markets may adversely affect Yuexiu REIT's ability to access the capital markets to meet its liquidity needs.

Acts of God, acts of war, occurrence of epidemics, and other disasters could affect Yuexiu REIT's operations and the national and regional economies in the PRC.

Yuexiu REIT is vulnerable to general economic and social conditions and natural catastrophic events in the PRC that are beyond its control. In particular, an outbreak of any severe infectious disease such as COVID-19, Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), the H5N1 avian flu or the human swine flu (H1N1) or similar communicable diseases, if uncontrolled, could have a material adverse effect on the overall business operations in the PRC and in economies in which the Group carries out its business.

Pandemic would lead to a risk of a global financial crisis, an economic recession, a backlash against globalisation, a decline in demand and a reduction of liquidity, which will have a material adverse impact on the real estate sector, and consequently, on the business, financial condition and results of operations of Yuexiu REIT. Acts of war and terrorist attacks may cause damage or disruption to the Properties, and affect the overall economy and real estate markets in the PRC. The potential for war or terrorist attacks may also cause uncertainty and cause the business of Yuexiu REIT to be adversely affected in ways that currently cannot be predicted.

Finally, the negative impact of serious contagious disease outbreak may increase counterparty risks, and increased difficulties in collecting rents, which may negatively impact the Group's cash flows and reduce its ability to access capital or increase financing costs.

Income from, and expenditure in relation to, the Properties may not be as expected, which may adversely affect the financial condition of Yuexiu REIT.

Income from the Properties may be adversely affected by the general economic climate and local conditions such as over-supply of properties or reduction in demand for properties in the market in which Yuexiu REIT operates, the attractiveness of Yuexiu REIT's Properties to tenants, management style, competition from other mall/retail, office and/or car parking facilities nearby or from e-commerce/e-retail, untimely collection of rent, changes in laws and increased operating costs (including real estate taxes) and expenses. In addition, income from the Properties may be affected by such factors as the increase in cost of regulatory compliance, interest rate levels and the availability of financing. Yuexiu REIT's income would be adversely affected if a significant number of tenants were unable to pay rent or the Properties could not be rented out on favourable terms.

If the Properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditure, Yuexiu REIT's ability to service its debt obligations and make distributions will be adversely affected. In terms of expenditure, any significant and unpredictable capital expenditure and other expenses for repairs and maintenance will, depending on the amount and timing, have an impact on the cash flow of Yuexiu REIT and if such significant expenditure is not reduced and even increases, it may then cause a reduction in income from the Properties and have an adverse effect on the financial condition and results of operations of Yuexiu REIT.

Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow.

If the Properties have design, construction or other latent property or equipment defects, these may require capital expenditures, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on Yuexiu REIT's earnings and cash flows. Statutory or contractual representations, warranties and indemnities given by any seller of real estate are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Yuexiu REIT may suffer material losses in excess of insurance proceeds.

The Properties could suffer physical damage caused by fire or other causes and Yuexiu REIT or the relevant property holding company may suffer public liability claims, resulting in losses (including loss of rent) which may not be fully compensated for by insurance proceeds. In addition, there are other types of losses, such as those resulting from war, terrorism, nuclear contamination and earthquakes, for which Yuexiu REIT cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, Yuexiu REIT or the relevant property holding company could be required to pay compensation and/or lose the capital invested in the affected property as well as anticipated future revenue from that property. Nonetheless, Yuexiu REIT or the relevant property holding company would remain liable for any debt or other financial obligation related to that property. It is also possible that third party insurance carriers will not be able to maintain reinsurance sufficient to cover any losses that may be incurred. Any material uninsured loss could materially and adversely affect Yuexiu REIT's business, financial condition, results of operations and cash flow.

In addition, Yuexiu REIT will have to renew its insurance policies every year and negotiate acceptable terms for coverage, exposing it to the volatility of the insurance markets, including the possibility of rate increases for premiums. The REIT Manager will regularly monitor the state of the insurance market, but it cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increase in insurance rates or decrease in available coverage in the future could adversely affect Yuexiu REIT's business, financial condition, results of operations and cash flow.

Furthermore, Yuexiu REIT's operations are subject to various environmental and fire control laws, including those relating to air pollution control, water pollution control, solid waste control, noise pollution control, fire services control and the storage of dangerous goods. Under these laws, an owner or operator of real estate property may be subject to liability, including fine, imprisonment, etc., for air pollution, water pollution, solid waste pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals or non-compliance with fire services control at that property. In addition, Yuexiu REIT or the relevant property holding company may be required to make capital expenditures to comply with these environmental and fire control laws. The presence of contamination, air pollution, water pollution, solid waste pollution, noise pollution or dangerous goods without a valid licence or the failure to remedy contamination, air pollution, water pollution, solid waste pollution, noise pollution or dangerous goods or non-compliance with fire services control measures may expose Yuexiu REIT to liability or materially and adversely affect its ability to lease real estate property or to incur indebtedness using the real estate property as collateral.

The fair value of the Properties may decline or be subject to a high degree of volatility in the future and the valuation of the Properties may prove to be unrepresentative of an investment in Yuexiu REIT.

The valuation of the Properties was prepared by the Independent Property Valuer. In conducting its valuation, the Independent Property Valuer has adopted both income capitalisation approach and discounted cash flow analysis. The valuation was based on certain assumptions, which, by their nature, are subjective and uncertain and may differ materially from actual measures of the market. If the fair values of the Properties decline, this could in turn have a material adverse effect on Yuexiu REIT's business, financial condition and results of operations. For example, for the year ended 31 December 2024, Yuexiu REIT recorded fair value losses on investment properties in the amount of approximately RMB322 million as compared to fair value gains on investment properties in the amount of approximately RMB28 million for the year ended 31 December 2023. For the year ended 31 December 2024, Yuexiu REIT's loss after income tax before transactions with Unitholders was approximately RMB337 million when its loss after income tax before transactions with Unitholders for the year ended 31 December 2023 was approximately RMB4 million. There is no guarantee that the fair value of investment properties will not decline further, and if such a decline occurs, it may adversely impact Yuexiu REIT's business, financial condition, and operational results.

The REIT Manager's ability to successfully implement its external growth strategy may be limited.

The REIT Manager continues to pursue diversified asset enhancement strategies and reviews Yuexiu REIT's property portfolio on a regular basis to formulate asset enhancement plans, including but not limited to pursuing selective acquisitions of additional properties if suitable opportunities arise and any necessary regulatory approvals are obtained, in order to maintain competitive advantages in the market and increase returns from its investments. The REIT Manager's ability to pursue such external growth strategy successfully depends to a large extent on its ability to identify suitable acquisition targets that meet its investment criteria, to obtain financing on favourable terms and will be subject to applicable regulatory approvals and Unitholders' approval.

Any future acquisitions of additional properties will also expose Yuexiu REIT to the risks and uncertainties associated with investing in real estate generally. Since these and other risks and uncertainties are beyond the REIT Manager's control, the REIT Manager may not implement its external growth strategy successfully, which could in turn have a material adverse effect on Yuexiu REIT's business, financial condition and results of operations.

Risks Relating to the Yuexiu REIT's Property Portfolio

Yuexiu REIT may be adversely affected by the illiquidity and concentration of property investments.

Property investments are relatively illiquid, particularly investments in high value properties such as those in which Yuexiu REIT has already invested or intends to invest. Such illiquidity may affect Yuexiu REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. For example, Yuexiu REIT may be unable to liquidate its assets on short notice or may be forced to agree to a substantial reduction in the price that may otherwise be sought for such assets, to ensure a quick sale. In addition, Yuexiu REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate property due to the illiquid nature of real estate property assets. These factors could have an adverse effect on Yuexiu REIT's business, financial condition and results of operations.

Among its other Properties, Yuexiu REIT has invested in five larger property projects, namely Guangzhou IFC, Yuexiu Financial Tower, White Horse Property, the Wuhan Property and Shanghai Yue Xiu Tower. As at 31 December 2024, according to the Independent Property Valuer, Guangzhou IFC, Yuexiu Financial Tower, White Horse Property, the Wuhan Property and Shanghai Yue Xiu Tower had an estimated market value of RMB18,990 million, RMB8,284 million, RMB4,815 million, RMB3,359 million and RMB2,918 million, respectively, representing approximately 44.9 per cent., 19.6 per cent., 11.4 per cent., 7.9 per cent. and 6.9 per cent. of the total estimated market value of Yuexiu REIT's Properties. Any material adverse circumstances affecting any of these five properties could materially and adversely affect the overall performance of Yuexiu REIT's financial condition and results of operations. In addition, given the geographic concentration of Yuexiu REIT's Main Properties, there is a higher level of risk to Yuexiu REIT's portfolio than a portfolio which has a large number of investments spread over a larger and more diverse geographical area. Any material adverse change to the economic, political and social environment of the PRC, or any significant downturn in the overall economy of the region, could have a more significant effect on Yuexiu REIT as its Main Properties are not geographically diversified.

Yuexiu REIT is exposed to cyclicality and volatility in the wholesale and retail property market and Grade A office building rental property market in Guangzhou, Shanghai, Wuhan, Hangzhou and Hong Kong.

A significant portion of Yuexiu REIT's revenue is derived from the wholesale and retail property markets of Guangzhou and Wuhan. Rents in the wholesale and retail sector are dependent on tenants' sales and these in turn are affected by consumer spending. Domestic retail spending is affected by factors such as the rate of economic growth, increase in salary and inflation and deflation in Guangzhou and Wuhan. Yuexiu REIT also generates revenue from the Grade A office building rental property markets in Guangzhou, Shanghai, Wuhan, Hangzhou and Hong Kong. Historically, the office rental property markets in Guangzhou, Shanghai, Wuhan, Hangzhou and Hong Kong have been volatile and have experienced price fluctuations. In particular, property values and rental rates for Grade A office buildings in the core business districts of Guangzhou, Shanghai, Wuhan, Hangzhou and Hong Kong may be subject to cyclicality and volatility. There is no assurance that rental rates and property values in the Guangzhou, Shanghai, Wuhan, Hangzhou and Hong Kong will not decline from present levels or experience further volatility in the future.

Yuexiu REIT may be unable to renew tenancies, lease vacant space or re-lease space as tenancies expire.

Tenancies for the Properties are generally for periods of one to ten years or less or subject to rent reviews within such periods. As a result, the Properties experience lease cycles in which a significant number of the tenancies expire each year. This frequency of renewals renders Yuexiu REIT more susceptible to rental market fluctuations. Yuexiu REIT's financial performance may be materially and adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants, or if existing tenants reduce the amount of space that they occupy for any reason. The REIT Manager cannot assure that tenancies will be renewed or that new tenancies will be entered into for the vacant spaces at a rental level equal to or above the current rental level. If the rental level for the Properties decreases, Yuexiu REIT's existing tenants do not renew their tenancies or Yuexiu REIT is unable to enter into new tenancies in respect of a significant portion of its available space and space for which tenancies are scheduled to expire, Yuexiu REIT's financial condition, results of operations, cash flow, and its ability to satisfy its debt service obligations could be materially and adversely affected.

Yuexiu REIT faces increasing competition in the PRC property market.

The property sector in the PRC is competitive. The principal competitive factors include rental rates, quality and location of properties, supply of comparable space and tenant demands and preferences. In recent years, a large number of property companies have undertaken project investment and management in the PRC, especially in Guangzhou, Shanghai and Wuhan, where Yuexiu REIT's Main Properties are located. Increasing competition among property companies in the PRC may result in increased costs, reduced market share and falling property prices, any of which may affect Yuexiu REIT's business, financial condition and results of operations. In addition, Yuexiu REIT may face competition from Yuexiu Property, a Substantial Holder, for certain property acquisitions, prospective tenants and property management opportunities. See "*Risks Relating to Yuexiu REIT's Organisation and Operations — Yuexiu Property is a Substantial Holder of Yuexiu REIT, and there are potential conflicts of interest between Yuexiu REIT, the REIT Manager and Yuexiu Property*".

The operation of the Wuhan Property is subject to other unique and specific risks.

Yuexiu REIT acquired 67 per cent. interest in the Wuhan Property from Yuexiu Property on 21 December 2017. For further details about the Wuhan Property and Yuexiu REIT's acquisition of 67 per cent. interest therein, please refer to the section headed "*Description of Yuexiu REIT — The Portfolio — Wuhan Property*".

To enable Yuexiu REIT to mitigate its exposure to the start-up risks associated with the operation of the Wuhan Property and to ensure Yuexiu REIT receives expected, progressive and recurrent net income during these periods, Yuexiu Property agreed to provide support payments to Yuexiu REIT for the period from 1 January 2018 up to and including 31 December 2020 (the "**Wuhan Property Support Arrangement**"). The Wuhan Property Support Arrangement has expired on 31 December 2020 and there can be no assurance that WH Project Company will be able to maintain or improve on its income after the expiry of the Wuhan Property Support Arrangement. This may have a material adverse effect on Yuexiu REIT's financial condition, results of operations, cash flow, Unit price and/or its ability to satisfy its debt service obligations. Furthermore, as the remaining 33 per cent. interest in WH Project Company is retained by a subsidiary of Yuexiu Property, the operation of WH Project Company and the Wuhan Property is subject to the parties' cooperation. Failure to cooperate in an efficient and effective manner could have a material adverse effect on the value of the Wuhan Property and Yuexiu REIT's results of operations.

Risks Relating to the Yuexiu REIT's Organisation and Operations

Yuexiu REIT relies on certain key management personnel and may be adversely affected by the loss of any of them.

Yuexiu REIT's success depends, in part, upon the continued service and performance of the REIT Manager's senior management team and certain other key personnel, including but not limited to Mr. LIN Deliang and Ms. OU Haijing. The loss of any of the REIT Manager's key senior management personnel or key employees could have a material adverse effect on Yuexiu REIT's business and prospects if the REIT Manager is unable to find suitable replacements for them in a timely manner. In addition, competition for such personnel is intense, the pool of qualified candidates is very limited, and the REIT Manager may not be able to retain the services of its senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. Furthermore, if any member of Yuexiu REIT's senior management team or any of its other key personnel joins a competitor or forms a competing company, Yuexiu REIT may lose key professionals or staff members and its business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, insofar as certain of these individuals are designated as responsible officers of the REIT Manager for the purposes of the REIT Manager's licensing by the SFC to conduct the regulated activity of asset management, the loss of one or more of such individuals may affect the REIT Manager's ability to continue to satisfy the licensing requirement on the REIT Manager to have a minimum number of responsible officers, which in turn could affect the REIT Manager's eligibility to continue as the manager of Yuexiu REIT and Yuexiu REIT's continued authorisation by the SFC as a Hong Kong collective investment scheme authorised under section 104 of the SFO.

The REIT Manager may not be able to implement its strategies for growth.

The REIT Manager has established clear plans and specific strategies to accomplish sustainable long-term growth, but there can be no assurance that it will be able to implement such plans successfully or that it will be able to do so in a timely and cost-effective manner. For instance, one of Yuexiu REIT's ongoing business strategies include the acquisition of properties from Yuexiu Property, subject to Yuexiu Property's business operations, financial condition and market conditions, as well as regulatory requirements applicable to Yuexiu REIT and/or Yuexiu Property, including approvals from Yuexiu Property's shareholders and/or Yuexiu REIT's Unitholders and the requirement that any transaction between Yuexiu REIT and Yuexiu Property shall be conducted at arm's length and on normal commercial terms and is fair and reasonable and in the interests of Yuexiu Property's shareholders and Yuexiu REIT's Unitholders as a whole. Pursuant to this business strategy, Yuexiu REIT acquired Guangzhou IFC, 67 per cent. interest in the Wuhan Property, the Hangzhou Victory Business Center, Yuexiu Financial Tower from Yuexiu Property and the Hong Kong Properties on 8 October 2012, 21 December 2017, 28 December 2018, 23 December 2021 and 20 December 2022, respectively. There is no assurance that Yuexiu REIT may be able to continue such asset acquisitions for various reasons, some of which are out of the REIT Manager's control. Delays in, or failures to, allocate such completed properties by Yuexiu Property into Yuexiu REIT may have a material adverse effect on the Group's business, prospects, cash flows, financial condition and results of operations.

The amount that Yuexiu REIT may borrow is limited.

Among other limitations on borrowings, Yuexiu REIT's borrowings are limited by the REIT Code to be no more than 50.0 per cent. of its total asset value. However, there can be no assurance that Yuexiu REIT's borrowings will not over time exceed 50.0 per cent. of its total asset value, whether following any revaluation of assets or otherwise. From time to time, Yuexiu REIT may need to draw down on its loan facilities and to use overdrafts but may be unable to do so due to the 50.0 per cent. borrowing limit. In addition, Yuexiu REIT may also face difficulties in securing financing, either on a timely basis or on commercially acceptable terms, or at all, in asset-backed lending transactions secured by real estate. Further, the use of leverage may increase the exposure of Yuexiu REIT to adverse economic factors such as rising interest rates and economic downturns.

In addition, in order to maintain Yuexiu REIT's qualification as a REIT, it is required under the REIT Code to annually distribute to the Unitholders dividends at an amount no less than 90 per cent. of its Total Distributable Income. In addition, the REIT Manager has the discretion to distribute any additional amounts (including capital). Therefore, Yuexiu REIT may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, it may need to rely on external sources of funding to expand its portfolio, which may not be available on commercially acceptable terms or at all. If Yuexiu REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist and satisfy its debt service obligations, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Yuexiu REIT's current and future borrowings may give rise to financial risk.

Yuexiu REIT may, from time to time, require debt financing to achieve the REIT Manager's investment strategies. Yuexiu REIT will be subject to risks normally associated with debt financing. Payments of principal and interest on borrowings may leave Yuexiu REIT with insufficient cash resources to operate its properties. Yuexiu REIT's level of debt and the limitations imposed on it by its current or future loan agreements could have significant adverse consequences, including, but not limited to, the following: (i) its cash flow may be insufficient to meet its required principal and interest payments, (ii) it may be unable to borrow additional funds as needed or on commercially acceptable terms, (iii) it may be unable to refinance its indebtedness upon maturity or the refinancing terms may be less favourable than the terms of the original indebtedness, (iv) it may default on its obligations and the lenders or mortgagees may foreclose on its properties, and require a forced sale of the mortgaged property, or foreclose on its interests in the entities that own the properties and require a forced sale of those entities, (v) it is subject to restrictive covenants and may be subject to similar restrictive covenants in future loan agreements, which limit or may limit or otherwise adversely affect Yuexiu REIT's operations, such as its ability to incur additional indebtedness, acquire properties, make certain other investments or make capital expenditures, which may require them to set aside funds for maintenance or repayment of security deposits, (vi) it may violate restrictive covenants under current facility agreements and in future loan documents, which would entitle the lenders to accelerate its debt obligations, and (vii) its default under any one of its loan agreements could result in a cross default under other indebtedness.

If any one or more of these events were to occur, Yuexiu REIT's financial condition, results of operations, cash flow and its ability to satisfy its debt service obligations could be materially and adversely affected.

Certain parts of the Properties are mortgaged and claims of Noteholders are effectively subordinated to those of the secured creditors of Yuexiu REIT.

Certain parts of the Properties have been mortgaged to secure payments under certain facilities of the Group. If Yuexiu REIT defaults in its payment obligations, mortgagees to the related mortgaged property could require a forced sale of such property with a consequential loss of income and asset value to Yuexiu REIT. The amount to be received upon a forced sale of any property would be dependent on numerous factors, including the actual fair market valuation of such property at the time of such sale, the timing and manner of the sale and the availability of buyers. In the event of a forced sale, it is possible that Yuexiu REIT would be forced to agree to a substantial reduction in the actual fair market valuation of the property being sold.

The rights of the Noteholders to receive payments under the Notes are effectively subordinated to the rights of existing and future secured creditors of Yuexiu REIT. In the event of a default on the Notes or under other indebtedness or upon Yuexiu REIT's bankruptcy, liquidation or reorganisation, any secured indebtedness of third-party creditors of Yuexiu REIT would effectively be senior to the Notes to the extent of the value of the property securing such indebtedness.

Claims by Noteholders are structurally subordinated to those of the Group Companies (as defined below).

The Issuer is only holding the Fortune Plaza Property and Yuexiu REIT's other Properties are held through various companies which are, from time to time, directly or indirectly owned and controlled by the REIT Trustee in its capacity as trustee of Yuexiu REIT (the "**Group Companies**"). As a result, the ability of the Guarantor to make payments in respect of the Notes depends largely on its timely receipt of remittances of funds from the Group Companies. The ability of the Group Companies to make such remittances to the Guarantor may be subject to the profitability of such Group Companies and applicable laws. Payments by other Group Companies to the Guarantor are structurally subordinated to all existing and future liabilities and obligations of the Group Companies. Claims of creditors of such Group Companies will have priority as to the assets of such Group Companies over the Noteholders.

Noteholders may face risks associated with enforcement of the Guarantee.

Noteholders should note that the Guarantee is issued by the Guarantor, and not Yuexiu REIT, since Yuexiu REIT is not a legal entity. Noteholders should note that under the terms of the Guarantee, Noteholders shall only have recourse in respect of the Guarantee to the assets comprising the Deposited Property (as defined in the REIT Trust Deed) which the REIT Trustee has recourse to under the REIT Trust Deed and not to REIT Trustee personally nor any other properties held by REIT Trustee as trustee of any trust other than Yuexiu REIT. Further, Noteholders do not have direct access to the Deposited Property and can only gain access to the Deposited Property through the Guarantor and if necessary seek to subrogate to the Guarantor's right of indemnity out of the Deposited Property, and accordingly, any claim of the Noteholders to the Deposited Property is derivative in nature. A Noteholder's right of subrogation therefore could be limited by the Guarantor's right of indemnity under the REIT Trust Deed. Noteholders should also note that such right of indemnity of the Guarantor may be limited or lost through fraud, negligence, wilful default, breach of trust, breach of the REIT Trust Deed or breach of the REIT Code or other applicable laws.

Yuexiu REIT may be involved in disputes, legal and other proceedings arising out of its operations from time to time.

From time to time, Yuexiu REIT may be involved in disputes that arise during the ordinary course of business. These disputes may lead to protests, legal or other proceedings and may result in damage to Yuexiu REIT's reputation, substantial costs and diversion of resources and management's attention. In addition, Yuexiu REIT may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees or judgments that could result in liabilities, which may have a material adverse effect on its business, financial condition and results of operations.

Yuexiu REIT's success depends on the ability of the REIT Manager to cooperate with third parties, including but not limited to Four Seasons and Ascott, in operating the Properties.

The failure of such cooperation (or continued cooperation) to operate the Properties in an efficient and effective manner could have a material adverse effect on the value of the Properties and Yuexiu REIT's business, financial condition and results of operations. The failure of the REIT Manager to cooperate with third parties, including but not limited to Four Seasons and Ascott which manage the hotel and serviced apartments in Guangzhou IFC respectively, in managing appropriately Yuexiu REIT's assets will materially and adversely affect the underlying value of such assets and Yuexiu

REIT's business, financial condition and results of operations, as well as affect its ability to pay amounts due on its indebtedness. In addition, any adverse changes in Yuexiu REIT's relationship with the REIT Manager, or the REIT Manager's relationship with third parties, including but not limited to Four Seasons and Ascott, could hinder their respective abilities to manage Yuexiu REIT's operations and its Properties.

In addition, the initial expiry dates of the agreements between Yuexiu REIT and Four Seasons are 15 years dated from the date of commencement of operations of the Hotel, and can be extended for another 45 years. The initial expiry dates of the agreements between Yuexiu REIT and Ascott are ten years, dated from the date of commencement of operations of the Serviced Apartments, and can be extended for another ten years. When these agreements expire without being extended, or the Properties are taken or condemned in any expropriation, compulsory acquisition by the PRC Government or other government, or Yuexiu REIT is unable to obtain an extension of the land use right certificate or an extension, renewal, modification or other permit in respect of the mandatory restrictions under applicable law, Yuexiu REIT's business, financial condition, results of operations and cash flow may be materially and adversely affected.

The operations of the REIT Manager and certain property services providers are subject to regulation and their licensing, qualification and approval conditions.

The REIT Manager is required to be licensed under the SFO for the regulated activity of asset management. A number of Yuexiu REIT's property services providers are required to hold the necessary certificate of qualification and obtain approval from the relevant governmental department for their respective businesses, in the PRC. No assurance can be given that the REIT Manager or such property services providers will each be operated and managed in accordance with their respective licensing and approval conditions. The departure of responsible officers of the REIT Manager may result in the loss of the REIT Manager's licence to act as the manager of Yuexiu REIT. The breach of certain conditions of the respective licence and/or approval conditions of such property services providers may result in the loss or revocation of their respective licences or approvals to act as the property service providers of the relevant parts of Yuexiu REIT's Properties. In addition, the licences or approvals of the REIT Manager may not be renewed for other reasons beyond its control. In the event that the REIT Manager ceases to be licensed under the SFO, or such property services providers cease to hold the required licence or the necessary approval under the relevant laws and regulations of the PRC is revoked, Yuexiu REIT may need to appoint other licensed or approved management companies and/or property service providers. The loss of the services of the REIT Manager or any of the property service providers may materially and adversely affect the businesses, financial condition and results of operations of Yuexiu REIT. In the event no other management companies duly licensed or approved are willing to replace the existing REIT Manager, the REIT Trustee may terminate Yuexiu REIT.

Yuexiu Property is a Substantial Holder of Yuexiu REIT, and there are potential conflicts of interest between Yuexiu REIT, the REIT Manager and Yuexiu Property.

As at 31 December 2024, for the purpose of the REIT Code, Yuexiu Property holds 40.02 per cent. of the issued units of Yuexiu REIT, and is therefore a Substantial Holder. Yuexiu Property, its subsidiaries and associated companies are engaged in, and/or may engage in, among other things, the investment in, the development and management of, properties in Guangzhou and elsewhere. Therefore, there may be circumstances in which Yuexiu REIT competes, or may compete, directly or indirectly, with Yuexiu Property, its subsidiaries and/or associated companies, for property acquisition, leasing opportunities and competition for tenants. Yuexiu REIT may also acquire properties or other assets from any of them in the future. There can be no assurance that the interests of Yuexiu REIT will not conflict with or be subordinated to those of Yuexiu Property in such circumstances.

Deterioration in Yuexiu REIT's brand image or any infringement or inappropriate use of Yuexiu REIT's intellectual properties may be detrimental to its reputation and profitability.

Yuexiu REIT has been using the relevant trademarks, “ ” and “ ”, registered with the PRC Trademark Office by Guangzhou Baima Business Operation Management Co., Ltd. (廣州白馬商業經營管理有限公司) (“**GZ Baima**”) and registered with the Trademarks Registry in Hong Kong by GZ Yuexiu (assigned from Yue Xiu Enterprises). Yuexiu REIT also owns the domain name of www.yuexiureit.com. Yuexiu REIT believes that its trademarks and intellectual properties form an integral basis of its brand recognition and are important to its business. Tenant demand for Yuexiu REIT's properties and its brand value could diminish significantly if Yuexiu REIT fails to preserve the quality of its properties or fails to deliver a consistently positive consumer experience, or if Yuexiu REIT is perceived to be acting in an unethical or socially irresponsible manner. Any negative incident or negative publicity concerning Yuexiu REIT or its properties may materially and adversely affect its reputation, financial condition and results of operations. In addition, any unauthorised use or infringement of Yuexiu REIT's trademarks and intellectual properties may impair the brand value, damage the reputation and materially and adversely affect its business and results of operation. However, Yuexiu REIT cannot assure the investors that its trademarks and intellectual properties will not be the subject of any infringements or unauthorised uses by third parties. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers' trust. Any litigation or dispute in relation to Yuexiu REIT's trademarks and intellectual properties could result in substantial costs and diversion of resources and may materially and adversely affect its business and results of operations.

Yuexiu REIT is exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by its employees, third-party subcontractors or other third parties.

Yuexiu REIT is exposed to fraud, negligence or other misconduct, intended or unintended, committed by its employees, subcontractors, customers or other third parties that could subject it to financial losses and penalties imposed by governmental authorities as well as seriously harm its reputation. Yuexiu REIT cannot assure the investors that its risk management and internal control systems will always enable it to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by its employees, third-party subcontractors or other third parties in a timely and effective manner. Although Yuexiu REIT has limited control over the behavior of any of these parties, Yuexiu REIT may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. Yuexiu REIT may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by its tenants or third parties. In the event that Yuexiu REIT cannot recover related costs from the employees, third-party subcontractors or third parties involved in the misconducts, Yuexiu REIT's business, financial condition and results of operations could be materially and adversely affected. Such misconducts could also attract negative publicity on the Group, damaging its reputation and brand value.

Further expansion of geographical scope of investment may affect Yuexiu REIT's operational and financial resources.

Yuexiu REIT has expanded and will continue to expand the geographical coverage of its portfolio. As Yuexiu REIT intends to expand its portfolio strategically and prudently in the future, Yuexiu REIT's business, financial condition and results of operations may be particularly subject to market uncertainties, volatility and significant adverse changes in the real estate market in the PRC or elsewhere in which Yuexiu REIT operates or intends to operate, especially in Guangdong Province where a substantial share of Yuexiu REIT's business is located. The real estate markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, inflation, government policies, interest rates and availability of capital. The property market may experience an over-supply of properties and idle housing inventory. Any over-supply of properties or any potential decline in the demand for the rent of properties in the cities in which Yuexiu REIT operates or intends to operate could have a material adverse impact on its business, financial condition and results of operation.

Further, Yuexiu REIT's potential expansion into other cities in the PRC or globally, and the need to integrate operations arising from its expansion particularly into other fast-growing cities in the PRC or globally may place a strain on its managerial, operational and financial resources and contribute to an increase in its financing requirements, particularly for such locations where Yuexiu REIT does not have an existing presence or supply network. Failure to manage its expansion plan may materially and adversely affect Yuexiu REIT's business, financial condition and results of operations.

Changes in the PRC's economic, political and social conditions as well as governmental policies could affect Yuexiu REIT.

The majority of Yuexiu REIT business is in the Chinese Mainland. Accordingly, its business, financial conditions and results of operations are affected significantly by China's economic, political and social conditions. Like all national governments, the PRC Government plays an important role in the PRC's economic, political and social advancement through various means such as the allocation of resources, monetary policy, control over foreign currency denominated payment obligations and provision of preferential treatment to particular industries and companies. The government policies toward specific industries may also have a significant impact over the industry's development and future prospect.

Whether changes in the PRC's economic, policies and the relevant laws, regulations and rules of the PRC will affect Yuexiu REIT's current or future business, financial condition and results of operations remains unpredictable.

Yuexiu REIT, the Issuer and the Guarantor may be deemed as PRC resident enterprise under the EIT Law (as defined below) and be subject to the PRC taxation on its worldwide income and the interest and other similar amounts on the Notes as well as gains realised by sales of Notes may also be subject to PRC withholding tax.

Under the PRC Enterprise Income Tax ("**EIT**") Law (企業所得稅法) promulgated by the National People's Congress became effective on 1 January 2008 and was subsequently amended on 24 February 2017 and on 29 December 2018 (collectively, the "**EIT Law**") and its implementing regulations, enterprises established outside of China whose "*de facto* management bodies" are located in the PRC are considered "resident enterprises" and will generally be subject to the uniform 25 per cent. enterprise income tax rate on their global taxable income. The implementing regulations of the EIT Law issued by the PRC State Council define "*de facto* management" as "substantial and overall management and control over the production and operations, personnel, accounting, properties, etc. of an enterprise".

The State Administration of Taxation of the PRC (the "**SAT**") promulgated the Circular on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in Accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) on 22 April 2009, as amended on 29 December 2017, which specifies certain criteria for the determination of the "*de facto* management bodies" in respect of an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC company or PRC corporate group as its primary controlling shareholder. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organisations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (iv) 50 per cent. or more of voting board members or senior executives of the enterprise habitually reside in the PRC. However, no further detailed definition of "*de facto* management bodies" is provided for enterprises established offshore by private individuals or foreign enterprises such as Yuexiu REIT, the Issuer and the Guarantor. As such, there is uncertainty as to whether Yuexiu REIT, the Issuer and the Guarantor will be deemed to be a PRC "resident enterprise" for the purposes of the EIT Law.

Part of the management teams of the REIT Manager and the Issuer are currently based in the PRC, and all of the main properties are located in the PRC. Therefore, Yuexiu REIT, the Issuer or the Guarantor may be treated as a PRC "resident enterprise" for enterprise income tax purposes. However, there is no clear standard published by the tax authorities for making such a determination. The tax consequences of such treatment are currently not entirely clear, as they will depend on the implementation regulations and on how local tax authorities apply or enforce the EIT Law or the implementation regulations. There is uncertainty as to whether Yuexiu REIT, the Issuer or the Guarantor will be treated as a PRC resident enterprise for the purpose of the EIT Law, any aforesaid circulars or any amended regulations in the future. However, as at the date of this Offering Circular, none of Yuexiu REIT, the Issuer and the Guarantor has been notified or informed by the PRC tax authorities that it is considered as a PRC resident enterprise for the purposes of the EIT Law.

If relevant PRC tax authorities decide in accordance with applicable PRC laws on taxation that Yuexiu REIT, the Issuer or the Guarantor is a PRC resident enterprise for the purposes of the EIT Law, Yuexiu REIT, the Issuer or the Guarantor, as the case may be, may be subject to enterprise income tax at the rate of 25 per cent. on its worldwide income, which may adversely affect Yuexiu REIT, the Issuer or the Guarantor's profitability and distributable profit to shareholders or Unitholders. Furthermore, the Issuer or the Guarantor, as the case may be, may be obliged to withhold PRC income tax of 10 per cent. or less under applicable double taxation treatment on payments of interest and certain other amounts on the Notes to holders that are PRC non-resident enterprises as such income may be regarded as being derived from sources within the PRC. In addition, if the Issuer or the Guarantor fail to withhold (if so requested by relevant PRC tax authorities) such tax in accordance with applicable PRC tax law, the Issuer or the Guarantor, as the case may be, may be subject to penalties ranging from 50 per cent. to 300 per cent. of the unpaid tax amount. Under the EIT Law and its implementation regulations, in the event that the Issuer or the Guarantor is deemed to be a PRC resident enterprise by the PRC tax authorities, capital gain realised by a PRC non-resident enterprise from the transfer of the Notes might be regarded as being derived from sources within the PRC and, accordingly, might be subject to PRC enterprise income tax. However, there remains uncertainty as to whether the gains realised from the transfer of the Notes between holders or investors incorporated outside of the PRC would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation regulations. If such gains are subject to PRC enterprise income tax, the 10 per cent. enterprise income rate will apply unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted to be deducted from the income under PRC tax laws.

The interest income and other income in the nature of interest received by a non-PRC resident holder of the Notes may be subject to withholding of value added tax at a rate of 6 per cent. under applicable PRC Law on taxation.

Pursuant to the Circular of Full Implementation of Business Tax to Value-added Tax Reform (《關於全面推開營業税改徵增值税試點的通知》(Caishui [2016] No. 36)) jointly issued by the Ministry of Finance of the PRC (the "**Ministry of Finance**") and the SAT on 23 March 2016 and implemented on 1 May 2016 (the "**Circular 36**"), the Notice on Clarification of Value-added Tax Policies for Finance, Real Estate Development, Education Support Services etc. (《財政部、國家税務總局關於明確金融房地產開發教育輔助服務等增值税政策的通知》) jointly issued by the Ministry of Finance of the PRC and the SAT on 21 December 2016 and effective retroactively (excluding Article 17 thereof) as of 1 May 2016, the Interim Value-Added Tax Regulations of the People's Republic of China (中華人民共和國增值税暫行條例) promulgated by the State Council, and revised and effective on 19 November

2017, and other supplemental and relevant laws, rules and regulations, PRC tax authorities have started imposing value added tax ("**VAT**") on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, the Ministry of Finance and SAT have subsequently issued a series of tax circulars in March and April of 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. Based on the Decision of the State Council to Repeal the Interim Regulation of the PRC on Business Tax and Amend the Interim Regulation of the PRC on Value-Added Tax (國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定) issued by the State Council on 19 November 2017, the business tax is no longer applicable.

Entities and individuals selling or leasing real property or providing services in the PRC shall be identified as taxpayers of the VAT, and shall pay the VAT in accordance with the relevant laws and regulations on VAT. Such services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services which are subject to the VAT include the provision of financial services which refers to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments. "Loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon and among others, the interest (principal-guaranteed gains, remunerations, fund occupation fees and compensations, which refer to investment returns whose principal can be fully recovered upon maturity as explicitly committed under the relevant contract) obtained during the holding period (including upon maturity) of financial products shall be treated as interest income related to loan processing and thus shall be subject to the VAT while such gains, remunerations, fund occupation fees and compensations obtained during the holding period (including upon maturity) of financial products shall not be treated as interest income or income in the nature of interest related to loan processing if their principal is not guaranteed and shall thus not be subject to VAT. There is uncertainty as to whether the VAT will be applicable to the payments of interest and other income in the nature of interest on the Notes by Issuer and/or the Guarantor who are incorporated outside the PRC to investors who are located outside of the PRC. If the issuance and/or holding of the Notes is treated as provision of financial services in the PRC to the Issuer or the Guarantor by the holders of the Notes, and if the interest income or other income in the nature of interest from or in connection with the Notes is regarded as "principal-guaranteed gains", in each case by relevant tax authorities in the PRC, the interest income and other income in the nature of interest received by a non-PRC resident holder of the Notes may be subject to withholding of the VAT at a rate of 6 per cent.. According to the Value-Added Tax Law of the PRC (中華人民共和國增值稅法) which was promulgated on 25 December 2024 and will come into effect on 1 January 2026 (the "**VAT Law**"), the selling of financial product will be subject to PRC VAT if the financial product is issued within the PRC or the sellers of the financial product are PRC entities or individuals. Therefore, with the implementation of the VAT Law, it will be clearer that the payments of the interest and other interest like earnings under the Notes received by a holder of the Notes from the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) are unlikely to be subject to VAT because the Notes are not issued within the PRC, and neither the Issuer nor the Guarantor are PRC enterprises. However, since the VAT Law is newly published, there is uncertainty as to whether VAT will be imposed on the payments of the interest and other interest like earnings under the Notes received by a holder of the Notes. In addition, as far as we know, the VAT is unlikely to apply to gains realised upon any transfer of Notes between holders or investors located outside of the PRC, but there is uncertainty as to the applicability of the VAT if either the seller or buyer of the Notes is or deemed to be located inside the PRC by PRC tax authorities for the purpose of deciding whether VAT is applicable.

While, as mentioned above, there remains uncertainty as to the application of the EIT Law and VAT, in the event that the Issuer or the Guarantor is required to make a deduction or withholding in respect of EIT and VAT, the Issuer and the Guarantor has agreed to increase the amounts paid by it to the extent required, so that the net amount received by Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required, subject to certain exceptions. See "*Terms and Conditions of the Notes — Taxation*".

In addition, as set out in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*", if the Issuer (or the Guarantor, if the Guarantee was called) satisfies the Trustee that (i) it has or will become obliged to pay additional amounts as described in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong, the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, the Notes may be redeemed at the option of the Issuer in whole, but not in part, in accordance with the terms of "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*".

Fluctuations in the value of Renminbi may affect Yuexiu REIT's financial condition and results of operations.

The value of Renminbi against the US dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC Government. For example, as at 31 December 2024, the Renminbi was approximately 2.8 per cent. weaker against the U.S. dollar than it was a year ago. While the exchange rate between Renminbi and the US dollar continues to fluctuate, it is unclear, however, whether Renminbi will further appreciate against the US dollar in the future.

Any fluctuation in the exchange rate between Renminbi and the US dollar or other currencies could result in foreign currency translation losses for financial reporting purposes.

Yuexiu REIT's revenue and costs are denominated in Renminbi, which will have to be translated into Hong Kong dollars for payment as distributions to Unitholders. A substantial portion of Yuexiu REIT's borrowings are denominated in Hong Kong dollars or US dollars. Any decrease in the value of the Renminbi may adversely affect accounting profit of Yuexiu REIT and will adversely affect the value of distributions paid in Hong Kong dollars.

Yuexiu REIT relies principally on dividends paid by its subsidiaries to fund any cash and financing requirements Yuexiu REIT may have; any limitation on the ability of its subsidiaries to pay dividends to it could affect its ability to conduct its business and such dividends may be subject to PRC taxation.

Yuexiu REIT relies principally on dividends paid by certain subsidiaries for cash requirements, including the funds necessary to service any debt it may incur, including the Notes. The ability of certain direct and indirect subsidiaries of Yuexiu REIT in the PRC to pay dividends to their shareholders is subject to applicable laws and restrictions contained in the debt instruments and obligations of such subsidiaries. For example, certain debt instruments of the applicable subsidiaries of Yuexiu REIT contain covenants or terms that restrict their ability to pay dividends or make other distributions. Furthermore, under applicable PRC laws, rules and regulations, payment of dividends by Yuexiu REIT's subsidiaries is permitted only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Under PRC laws, rules and regulations, all of its PRC subsidiaries are required to set aside at least 10 per cent. of their after-tax profit based on PRC accounting standards each year to their respective statutory capital reserve funds until the accumulative amount of such reserves reaches 50 per cent. of their respective registered capital. As a result, certain of Yuexiu REIT's subsidiaries are restricted in their ability to transfer a portion of their net income to it in the form of dividends. Any limitation on the ability of its subsidiaries to pay dividends to Yuexiu REIT could materially and adversely limit Yuexiu REIT's ability to grow, pay dividends or otherwise fund and conduct its business.

Prior to 31 December 2007, dividends paid by PRC enterprises to "non-resident enterprises", such as dividends that Yuexiu REIT' s PRC subsidiaries paid to Yuexiu REIT, were exempt from PRC withholding tax. After 1 January 2008, under the EIT Law and its implementing regulations, a PRC income tax rate of 10 per cent. became applicable to such dividends, subject to the application of any relevant income tax treaty that the PRC is a party to. For instance, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Income Taxes (the "**Avoidance of Double Taxation Agreement**"), a company incorporated in Hong Kong is subject to withholding income tax at a rate of 5 per cent. on dividends that it receives from its PRC subsidiaries in which it holds 25 per cent. or more of the equity interest at the time of distribution, subject to approval from the relevant tax authority, or at a rate of 10 per cent. for those subsidiaries in which it holds less than 25 per cent. of the equity interest. However, the Circular of the State Administration of Taxation on the Interpretation and the Determination of the "Beneficial Owners" in the Tax Treaties (國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知) issued by the SAT on 27 October 2009 states that tax treaty benefits will not apply to "shell companies" that do not have substantive business activities in the jurisdictions of their incorporation, which are required to be jurisdictions that have a relevant tax treaty with the PRC, and provide for a reduced withholding tax rate. In addition, the SAT issued the Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties (國家稅務總局關於稅收協定中"受益所有人"有關問題的公告) on 3 February 2018, which will become effective and replace the aforesaid circular issued by the SAT on 27 October 2009 as of 1 April 2018. According to the SAT announcement, when establishing whether an enterprise incorporated offshore constitute an eligible "beneficial owner" or not in relation to relevant tax treaties, PRC tax authorities will take into account various factors. There is uncertainty whether Yuexiu REIT will be deemed as eligible "beneficial owner" in relation to relevant tax treaties under the SAT announcement. If Yuexiu REIT is not deemed as eligible "beneficial owner" in relation to the Avoidance of Double Taxation Agreement for the purpose of the SAT announcement, any dividend that it receives from its PRC subsidiaries may no longer be able to benefit from the withholding tax rate of 5 per cent., which could result in additional taxes that Yuexiu REIT' s PRC subsidiaries would be required to pay, and could affect their payment of dividends to Yuexiu REIT.

The evolving laws in the PRC could affect Yuexiu REIT.

Yuexiu REIT's operation in Mainland China is governed principally by laws and regulations in the PRC. The PRC legal system is based on written statutes. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. These laws and regulations are continually evolving in response to changing economic and other conditions, and are subject to interpretations. Since the PRC administrative and court authorities, like the administrative and court authorities elsewhere in the world, have discretion in interpreting and implementing statutory and contractual terms, it may be difficult for the Group to evaluate and predict the outcome of the administrative and court proceedings and the enforceability of rights.

For example, the land and real estate laws of the PRC, including laws relating to land title and building ownership regulations and laws applicable to landlords and tenants, are still under development and reform. In recent years, the National People's Congress (the "**NPC**"), the State Council, the PRC Ministry of Land and Resources (the "**MLR**") and Ministry of Housing and Urban-Rural Development of the PRC (the "**MOHURD**") have promulgated a number of laws and regulations and departmental rules relating to legal problems in respect of land and real estate. In addition, the local people's congresses and local governmental authorities in many provinces and cities have also promulgated various local regulations or local rules. There may be uncertainties in the interpretation and application of these laws, administrative regulations, departmental rules, local regulations and local rules, and the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws could not be predicted.

Risks Relating to the Notes and the Guarantee

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular and any supplement thereto;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for such investor, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Any failure to complete the relevant filings under Order 56 within the prescribed time frame following the completion of the issue of the Notes or to comply with the continuing reporting obligations under Order 56 may have adverse consequences for the Issuer and/or the Noteholders.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. The NDRC issued the Order 56 on 5 January 2023, which came into effect on 10 February 2023 and repealed the NDRC Circular on the same date. According to the Order 56, domestic enterprises and their overseas controlled entities shall obtain the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts ("企業借用外債審核登記證明") (the "**Certificate of Review and Registration**") of any debt securities denominated in Renminbi or a foreign currency, with a maturity term of one year and longer issued outside of the PRC with NDRC prior to the issue of such securities and notify the particulars of the relevant issues within 10 working days after the completion of the issuance. In addition to the above-mentioned pre-issuance registration requirements and the post-issue filling obligations which were also stipulated in the NDRC Circular, domestic enterprises are subject to further reporting obligations under the Order 56. According to the Order 56, enterprises are required, among others, to (i) report on the status of the foreign debt within 10 working days after the expiration of the relevant Certificate of Review and Registration, (ii) report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five working days prior to the end of January and July each year, and (iii) promptly report on any material event that may affect the due performance of their debt obligations. Whilst NDRC Circular is silent on the legal consequences of non-compliance with the post-issuance reporting, the Order 56 sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to the Order 56, for any enterprise that fails to report relevant information according to the Order 56, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on such enterprise concerned and its principal responsible person. Furthermore, conducts in violation of the Order 56 committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). In the worst case scenario, non-compliance with the NDRC reporting obligations under the Order 56 may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Notes.

Any failure to complete the relevant filings under the Order 56 within the prescribed time frames following the completion of the issue of the Notes may have adverse consequences for the Issuer and/or the investors of the Notes. Potential investors of the Notes are advised to exercise due caution when making their investment decisions. The Issuer or the REIT Manager will undertake to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes within the relevant prescribed timeframes after the issue date of the Notes in accordance with the Order 56 and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

The Issuer has limited assets to meet its obligations under the Notes and will need to rely on the other members of the Group to service its obligations under the Notes.

As at the date of this Offering Circular, the material asset of the Issuer is the Fortune Plaza Property. Other than holding the Fortune Plaza Property, the Issuer has not engaged, since its incorporation, in any material activities other than those regarding or incidental to its registration and the authorisation of documents, agreements referred to in the offering circular dated 17 March 2023 in connection with the issue of the CNY1,500,000,000 4.15 per cent. guaranteed notes due 2026 (the "**FTZ Notes**"), to which it was a party and the issue of the FTZ Notes and agreements referred to in this Offering Circular to which it is or will be a party and the issue of the Notes. Accordingly, the Issuer has limited assets to meet its obligations under the Notes, and its ability to make payments in respect thereof depends upon the receipt of funds from the entity to which it lends the proceeds from the issue of the Notes or support from any other members of the Group.

Yuexiu REIT's corporate ratings may be changed from time to time in the future.

Yuexiu REIT currently has corporate ratings provided by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**") and Fitch Ratings Ltd ("**Fitch**"). Such ratings are corporate ratings and are not ratings that apply to the Notes. The Notes are unrated. The ratings of Yuexiu REIT represent each of S&P's and Fitch's forward-looking opinion about its overall creditworthiness. There can be no assurance as to the outcome of the review from the relevant rating agencies from to time or how it may affect the Notes.

The Issuer and the Guarantor may be unable to meet their outstanding obligations under the Notes and the Guarantee.

On certain dates, including the occurrence of an early redemption event and at maturity of the Notes, the Issuer may, and at maturity the Issuer will be required to, redeem all of the Notes. If such an event were to occur, the Issuer and the Guarantor may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Any revision, suspension, reduction or withdrawal of Yuexiu REIT's corporate rating or the rating(s) (if any) of its subsidiaries may also have an adverse effect on the Group's business and liquidity and/or the value of the Notes, and on the Group's ability to obtain financing or access the capital markets. Failure to repay, repurchase or redeem tendered Notes would constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's, the Guarantor's or the Group's other indebtedness. Such default could cause related debt to be accelerated after any applicable notice or grace periods.

The Notes do not restrict the Issuer's and the Guarantor's ability to incur additional debt, repurchase the Notes or to take other actions that could negatively impact holders of the Notes.

Neither the Issuer nor the Guarantor is restricted under the Terms and Conditions of the Notes from incurring additional debt, including secured debt (other than the requirement under Condition 4(a) (*Negative pledge*) of the Terms and Conditions of the Notes), or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to its financial position or results of operations (other than the requirement under Condition 4(c) (*Borrowings*) of the Terms and Conditions of the Notes). The Issuer, the Guarantor or the Group may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Terms and Conditions of the Notes — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. The Issuer's and the Guarantor's ability to recapitalise, incur additional debt and take other actions that are not limited by the Terms and Conditions of the Notes could have the effect of diminishing their ability to make payments on the Notes and amortising the Notes when due.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could be traded at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations, the market for similar securities and general economic conditions. Although application will be made for the listing of the Notes on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading market for, the Notes. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so they may discontinue such market-making activity at any time without notice. Further, the Notes may be allocated to a limited number of investors, in which case liquidity may be limited. Moreover, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the Noteholders will only be able to resell the Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Please see "*Subscription and Sale*". In addition, the market for securities has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. Accordingly, there is no assurance that a liquid trading market will develop, or that disruptions will not occur, for any Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in Renminbi. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Renminbi. These include the risk that exchange rates may significantly change (including changes due to devaluation of Renminbi or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Renminbi would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the global financial crisis of 2008 and 2009 and the recent global geopolitical tensions between major economies, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The liquidity and price of the Notes following this offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

If the Issuer, the Guarantor or any other member of the Group is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Notes, there could be a default under the terms of these agreements, or the Notes, which could cause repayment of the debt of the Issuer or the Guarantor to be accelerated.

If the Issuer, the Guarantor or any other member of the Group is unable to comply with the restrictions and covenants in the Notes, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the creditors of the debt could terminate their commitments to lend to the Issuer, the Guarantor or such member of the Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer, the Guarantor or any other member of the Group under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Notes. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of the indebtedness of the Issuer or the Guarantor, or that it would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

The Notes are redeemable in the event of certain additional taxes being applicable.

Pursuant to the Terms and Conditions of the Notes, the Issuer has the option to redeem the Notes in whole, but not in part, at any time at their principal amount (together with unpaid interest accrued to but excluding the date fixed for redemption) if the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations as further described in "*Terms and Conditions of the Notes — Redemption for Taxation Reasons*". An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes and the Guarantee are unsecured obligations.

The Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Notes and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Notes.

The Trust Deed, the Agency Agreement and/or the Terms and Conditions of the Notes are subject to modification and waivers without the consent of the Noteholders.

The Terms and Conditions of the Notes and the Trust Deed contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. In addition, an Extraordinary Resolution (as defined in the Trust Deed) in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes for the time being outstanding or approval given by Electronic Consent by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the holders of the Notes duly convened and held. These provisions permit defined majorities to bind all Noteholders including the Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the relevant written resolution or participate in the Electronic Consent and the Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes and the Trust Deed also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to: (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or the Terms and Conditions of the Notes that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law or regulation and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or the Terms and Conditions of the Notes that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 16 of the Terms and Conditions of the Notes.

A change in Hong Kong law which governs the Notes may adversely affect Noteholders.

The Terms and Conditions of the Notes will be governed by Hong Kong law. There is no assurance as to the impact of any possible judicial decision or change to Hong Kong law or administrative practice after the date of issue of the Notes.

Additional procedures may be required from the PRC courts to recognise and enforce judgments of the Hong Kong courts in respect of Hong Kong law governed matters or disputes.

The Terms and Conditions of the Notes, the Trust Deed and the Agency Agreement are governed by Hong Kong law, and parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts.

The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 18 January 2019, the Supreme People's Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645) of Hong Kong, which came into operation on 29 January 2024. In mainland China, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 26 January 2024 (the "**Judicial Interpretation**"). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

The holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited. In addition, the PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant people's court in mainland China for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant people's court in mainland China consider that the enforcement of such judgment is contrary to the basic principles of PRC law or the social and public interests of the PRC. While it is expected that the relevant people's court in mainland China will recognise and enforce a judgment given by a Hong Kong court and governed by Hong Kong law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area of law in mainland China and Hong Kong.

The Trustee may request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice to the Issuer, the REIT Manager and the Guarantor pursuant to Condition 10 of the Terms and Conditions of the Notes and the taking of steps and/or actions and/or the instituting of proceedings as contemplated in Condition 12 of the Terms and Conditions of the Notes), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any step and/or action and/or institutes any proceeding on behalf of the Noteholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take any step and/or action and/or institute any proceeding, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Noteholders to take such steps and/or actions and/or institute such proceedings directly.

There could be conflicts of interest arising out of the different roles played by different members in the corporate group of GZ Yuexiu (the "Yuexiu Group"), and activities of other members of the Yuexiu Group may affect the value of the Notes.

Yuexiu REIT is a member of the Yuexiu Group. Yue Xiu Securities Company Limited and Chong Hing Bank Limited, subsidiaries of GZ Yuexiu, are appointed as Joint Lead Managers for the offering and sale of the Notes. Other members in the Yuexiu Group may also issue other competing financial products which may affect the value of the Notes. Investors should also note that potential and actual conflicts of interest may arise from the different roles played by different members in the Yuexiu Group in connection with the Notes and that, although the Yuexiu Group has internal control policies and procedures to minimise any potential conflict of interest, the Yuexiu Group owes no duty to investors to avoid such conflicts, and the economic interests in each role may be adverse to the investors' interests in the Notes.

The Notes will be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures in effect from time to time of the Clearing System.

The Notes will initially be represented by a Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, definitive certificates for the Notes will not be issued in exchanged for beneficial interests in the Global Certificate.

While the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**").

A holder of an interest in the Global Certificate must rely on the procedures of the CMU to receive payments under the Notes. None of the Issuer, the Guarantor, the REIT Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Noteholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such Noteholders will be permitted to act only to the extent that they are enabled by the CMU to appoint appropriate proxies. Similarly, holders of interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Trust Deed.

Payments in respect of the Notes will only be made to investors in the manner specified in such Notes.

All payments to investors in respect of the Notes will be made solely (i) when Notes are represented by the Global Certificate deposited with a sub-custodian for CMU or any alternative clearing system, by transfer to a Renminbi bank account maintained with a bank in Hong Kong and (ii) when the Notes are in definitive form, by transfer to a Renminbi bank account maintained with a bank that processes payments in Renminbi in accordance with prevailing rules and regulations. Neither the Issuer nor the Guarantor can be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Noteholders should be aware that a definitive certificate (should definitive Notes be issued) which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Note which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive certificate in respect of such holding (should definitive Notes be issued) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations. If definitive Notes are issued, holders should be aware that a definitive certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Issuer may issue additional notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further notes (see "*Terms and Conditions of the Notes*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Investment in the Notes is subject to exchange rate risks.

The value of the Renminbi against the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. Recently, the PBOC has implemented changes to the way it calculates the Renminbi's daily mid-point against the US dollar to take into account market-maker quotes before announcing such daily mid-point. The changes may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi. As a result, the value of these Renminbi payments in US dollars or other foreign currencies may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the US dollar or other foreign currencies, the value of investment in US dollars or other applicable foreign currencies will decline. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes.

Risks Relating to the Notes Denominated in Renminbi

There are regulations on remittance of Renminbi into and outside the PRC.

The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in regulation by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi into and out of the PRC for the purposes of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are developing gradually.

Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and cities in Mainland China and to make Renminbi trade and other current account item settlement available in all countries worldwide, and since 12 June 2012, coverage has been expanded nationwide in the PRC. All PRC companies with foreign trade qualifications are eligible to conduct cross-border trade settlement in Renminbi. China has issued a list of enterprises that will be put under strict supervision in respect of their cross-border trade Renminbi settlements. Those enterprises on this list may not deposit abroad Renminbi funds earned from cross-border trade settlement.

Foreign investors may remit offshore Renminbi into China for shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis, pursuant to the Measures on Administration of Renminbi Settlement in relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) issued by the PBOC on 13 October 2011 and was amended on 5 June 2015 and the relevant circulars issued by the Ministry of Commerce ("**MOFCOM**"). Along with the promulgation of the Administrative Measures for Trial Program of RMB Settlement of Overseas Direct Investment (境外直接投資人民幣結算試點管理辦法) by the PBOC in 2011, the approval process in the use of Renminbi for outbound investment by PRC companies has been streamlined. On 5 July 2013, the PBOC issued the Circular on Simplifying the Cross-Border RMB Business Procedures and Improving Relevant Policies (關於簡化跨境人幣業務流程和完善有關政策的通知), pursuant to which the regulatory procedures have been simplified and greater flexibility for almost all types of cross-border RMB business have been provided, including current account cross-border RMB settlement, cross-border RMB loans and the issuance of offshore RMB bonds by domestic non-financial institutions. This circular aims to improve the efficiency of RMB business and accelerate the internationalisation of RMB. On 1 January 2014, the MOFCOM Circular concerning Relevant Issues with regard to Cross-border RMB Direct Investment (關於跨境人民幣直接投資有關問題的公告) became effective, which replaced the Circular of the Ministry of Commerce on Issues in relation to Cross-border RMB Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知) issued by MOFCOM on 12 October 2011. Pursuant to the new MOFCOM circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment ("**FDI**") project and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the said new circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, it also clearly prohibits Renminbi FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC. On 5 January 2018, the PBOC issued the Circular about Further Improving Cross-border RMB Business to Facilitate Trade and Investment (中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知), in a move to promote enterprises to use Renminbi for cross-border settlement and support banks to handle other cross-border Renminbi settlement businesses under the current account for individuals. Relevant rules of the new circular facilitate overseas investors to carry out direct investment in Renminbi and ensure that profits obtained by overseas investors in China can be remitted freely in accordance with the law. Meanwhile, the new circular also specifies that enterprises may remit Renminbi funds raised overseas to China for their use as actually needed. Interbank foreign exchange market is also opening-up. In 2018, the China Foreign Exchange Trade System further relaxed qualifications, application materials and the procedures for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market. On 23 October 2019, the SAFE promulgated *Notice by the State Administration of Foreign Exchange of Simplifying Foreign Exchange Accounts* (國家外匯管理局關於精簡外匯帳戶的通知，匯發[2019]29號) which became effective on 1 February 2020, according to which, several measures were taken to intensify, for example, "Capital accounts — special account for domestic reinvestment" is included in "capital accounts — foreign exchange capital account". On the same day, the SAFE issued *Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment* (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知，匯發[2019]28號) in order to further promote the reform of "simplification of administrative procedures and decentralisation of powers, combination of decentralisation and appropriate control, and optimisation of services". It cancelled restrictions on the use of funds in domestic asset realisation accounts for foreign exchange settlement and restrictions on the number of opened foreign exchange accounts under capital accounts. On 11 November 2022, the PBOC, the SAFE and six other PRC authorities jointly issued *the Notice on the General Plan for the Construction of Science and Technology Innovation and Financial Reform Pilot Zones in Shanghai, Nanjing, Hangzhou, Hefei and Jiaxing* (上海市、南京市、杭州市、合肥市、嘉興市建設科創金融改革試驗區總體方案的通知), which further promotes the innovation on cross-border investment and financing activities in those cities and stresses the macro-prudential management on the monitoring of cross-border capital flows. As the above measures and circulars are relatively new, how they will be applied in practice is subject to interpretation by the relevant PRC authorities.

In addition, the PRC has concluded a series of bilateral Renminbi-denominated currency swap arrangements with certain countries as well as the European Union. The Renminbi Qualified Foreign Institutional Investor ("**RQFII**") scheme have been in place allowing pre-qualified offshore institutions (including foreign central banks) to invest in onshore interbank bond market and equity market of China. Also, from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund.

Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there is no assurance that the PRC Government will continue to gradually liberalise the regulation over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of regulating or eliminating the remittance of Renminbi into or outside Mainland China. If the Issuer or the Guarantor does remit some or all of the proceeds into the PRC in Renminbi and the Issuer or the Guarantor subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Notes and the Guarantee as the case may be, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the ability of the Issuer and the Guarantor to source Renminbi outside the PRC to service the Notes.

As a result of the regulation by the PRC Government on cross-border Renminbi fund flows and the conversion between Renminbi and other currencies, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi In 2015, the PBOC has established the Cross-Border Inter-Bank Payment System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions. However, the conversion and transfer of Renminbi are still subject to certain regulations.

The current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, personal customers and for Hong Kong residents of up to RMB20,000 per person per day. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions in cases where they cannot source sufficient Renminbi through the above channels.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent it is required to source Renminbi in the offshore market to service the Notes, there is no assurance that such Renminbi on satisfactory terms could be sourced, if at all.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from the offering of the Notes, after deducting underwriting commissions to be charged by the Joint Lead Managers and other expenses in connection with the offering of the Notes, will be approximately CNY996.5 million. The net proceeds from the offering of the Notes will be used for refinancing of certain offshore indebtedness of Yuexiu REIT.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to modifications and other than the words in italics, is the text of the terms and conditions of the Notes (as defined below) which will be endorsed on the definitive certificate (if any) issued in exchange for the Global Certificate (as defined below) representing the Notes.

The issue of CNY1,000,000,000 4.10 per cent. guaranteed notes due 2028 (the "**Notes**", which term shall include, unless the context requires otherwise, any additional notes issued in accordance with Condition 15 of these terms and conditions (these "**Conditions**") and consolidated and forming a single series therewith) was authorised by the resolution of the board of directors of MOON KING LIMITED (carrying on business in Hong Kong under the name "Yuexiu REIT Moon King Limited" instead of "MOON KING LIMITED") (the "**Issuer**") dated 14 March 2025 and the resolutions passed at the meetings of the board and the relevant committees of Yuexiu REIT Asset Management Limited (in its capacity as manager of Yuexiu Real Estate Investment Trust ("**Yuexiu REIT**"), the "**REIT Manager**") dated 14 March 2025. The Notes are guaranteed by HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of, and with recourse limited to the assets of, Yuexiu REIT) (in such capacity, the "**Guarantor**"). The giving of the Guarantee (as defined in Condition 3(a)) was authorised by resolutions of the board of directors of HSBC Institutional Trust Services (Asia) Limited passed on 14 January 2008. The Notes are constituted by a trust deed dated 2 April 2025 (the "**Issue Date**") (as amended, restated, replaced and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor, the REIT Manager and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as trustee for itself and the Noteholders (as defined below) (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the definitive form of the Notes. An agency agreement dated 2 April 2025 (as amended, restated, replaced and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression shall include any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes), as transfer agent (the "**Transfer Agent**", which expression shall include any successor or additional transfer agent appointed from time to time in connection with the Notes) and any other agents named therein. The "**Agents**" means the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Notes, including their respective successors and any reference to an "**Agent**" is to any one of them.

So long as any Note is outstanding (as defined in the Trust Deed), copies of the Trust Deed and the Agency Agreement are available (i) for inspection by the holders (as defined below) at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) at the principal office of the Trustee (being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and the specified office of the CMU Lodging and Paying Agent following prior written request and proof of holding and identity to the satisfaction of the Trustee or the CMU Lodging and Paying Agent, as the case may be, and (ii) electronically from the CMU Lodging and Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION AND TITLE

The Notes are issued in registered form and in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each, a "**Specified Denomination**").

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of the Notes by the same holder.

Title to the Notes shall pass by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder of any Note shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" or "**holder**" (in relation to a Note) means the person in whose name a Note is for the time being registered in the Register (or in the case of a joint holding, the first named thereof).

*Upon issue, the Notes will be represented by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Notes are represented by the Global Certificate. See "Summary of Provisions Relating to the Notes in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interests in the Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes.

The Notes are not issuable in bearer form.

2 TRANSFERS OF NOTES

(a) **Transfer**: One or more Notes may, subject to this Condition 2(a) and Condition 2(d) and the provisions of the Agency Agreement, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer (in light of prevailing market practice); *provided, however, that* a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Noteholder are being transferred) the principal amount of the balance of the Notes not transferred are Specified Denominations. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Notes to a person who is already a holder of the Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers and registrations of the Notes scheduled to the Agency Agreement. The regulations may be changed by the Registrar or the Issuer with the prior written consent of the Trustee in each case and, in the case of a change proposed by the Issuer, the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Noteholder for inspection at the specified office of the Registrar at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar. No transfer of title to any Notes will be valid unless and until entered on the Register.

Transfers of interests in the Notes represented by the Global Certificate will be effected in accordance with the rules and procedures for the time being of the Operator.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be made available for delivery within seven business days of receipt by the Registrar or the relevant Transfer Agent (as the case may be) of a duly completed and signed form of transfer and surrender of the existing Certificate(s) for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfers Free of Charge**: Transfers of the Notes shall be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon (i) payment by the relevant Noteholders of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar being satisfied that the regulations concerning transfer of the Notes have been complied with.

(d) **Closed Periods**: No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7).

3 GUARANTEE AND STATUS

(a) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed.

(b) **Status of Notes and Guarantee**: The Notes constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, except as provided below and save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future; provided that the Guarantor's obligations under the Guarantee will rank equally with all other unsecured obligations and monetary obligations of the Guarantor incurred in its capacity as trustee of Yuexiu REIT and recourse to the Guarantor shall always be limited to the assets comprising the Deposited Property, subject to any prior ranking claims over those assets.

"**Deposited Property**" has the meaning given in the trust deed between the Guarantor and the REIT Manager constituting Yuexiu REIT dated 7 December 2005, as amended, supplemented and/or restated from time to time.

4 COVENANTS

(a) **Negative Pledge**: So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the REIT Manager will ensure that none of the other members of the Group (excluding the Guarantor in any capacity other than that as trustee of Yuexiu REIT) will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

"**Group**" means the Issuer, Yuexiu REIT and their respective Subsidiaries for the time being;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures or other investment securities (but excluding for the avoidance of doubt instruments commonly referred to as transferrable loan certificates) which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, but excludes any such indebtedness issued or incurred in the PRC; and

"**Subsidiary**" means any entity whose financial statements at any time are required by law or required in accordance with generally accepted accounting principles to be fully consolidated with those of the relevant entity, as the case may be, but shall exclude any corporation, association or other entity of which less than (but excluding) 50 per cent. of the voting rights is owned by the relevant entity, as the case may be (either directly or through one or more other Subsidiaries).

(b) **Notification to the NDRC**: The Issuer or the REIT Manager shall, within the relevant prescribed timeframes after the Issue Date, file or cause to be filed with the National Development and Reform Commission of the People's Republic of China (the "**PRC**") (the "**NDRC**") the requisite information and documents in respect of the Notes in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by NDRC effective from 10 February 2023 and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

The Issuer or the REIT Manager shall, within five PRC Business Days after the filing of the offering information and the issue details of the Notes which shall take place within ten PRC Business Days after the Issue Date with the NDRC (the "**NDRC Post-issue Filing**"), provide the Trustee with a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer or of the REIT Manager (as applicable) confirming the submission of the NDRC Post-issue Filing.

The Trustee may rely conclusively without investigation on the certificate, confirmation, or other documents in relation to or in connection with the NDRC Post-issue Filing and shall have no obligation or duty to monitor or ensure the NDRC Post-issue Filing is made as required by Condition 4(b) or to assist with the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity, completeness, content and/or genuineness of any certificate, confirmation, or other documents in relation to or in connection with the NDRC Post-issue Filing (each of which it may accept and rely on without investigation and without liability) or to give notice to the Noteholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to the Issuer, the Guarantor, the REIT Manager, the Noteholders or any other person for not doing so.

(c) **Borrowings**: The Issuer and the Guarantor shall not (and each of the Issuer and the REIT Manager shall ensure that no other member of the Group (excluding the Guarantor in any capacity other than that as trustee of Yuexiu REIT) will) incur any Financial Indebtedness if Borrowings would exceed 50 per cent. of Total Consolidated Assets (or any such higher percentage which the REIT Code may permit) as a result of such incurrence.

In these Conditions:

"**Borrowings**" means, as at any particular time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of the Financial Indebtedness of members of the Group;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(i) moneys borrowed;

(ii) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility;

(iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(iv) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis);

(v) any amount raised under any other transaction (including any forward sale or purchase agreement) required by GAAP to be shown as a borrowing in the audited consolidated balance sheet of the Group; or

(vi) any other borrowings that are subject to the limitation on borrowings as set out in the REIT Code;

but excluding indebtedness owing by a member of the Group to another member of the Group and, for the avoidance of doubt, excluding net assets attributable to unitholders of Yuexiu REIT;

"**GAAP**" means generally accepted accounting principles, standards and practices in Hong Kong;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

"**REIT Code**" means the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong; and

"**Total Consolidated Assets**" means, at any particular time, the value of all assets of the Group, including any investments it is authorised to hold in accordance with the REIT Code together with any moneys held by it.

5 INTEREST

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.10 per cent. per annum, payable semi-annually in arrear on 2 April and 2 October in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the day falling seven days after the CMU Lodging and Paying Agent or the Trustee has notified the Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholder under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per CNY10,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 5, the expression "**business day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

6 REDEMPTION AND PURCHASE

(a) **Final Redemption**: Unless previously redeemed or purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed at its principal amount on the Interest Payment Date falling on or nearest to 2 April 2028 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent at their principal amount (together with unpaid interest accrued to but excluding the date fixed for redemption), if the Issuer (or the Guarantor, if the Guarantee was called) satisfies the Trustee immediately before the giving of such notice that (i) it has or will become obliged to pay additional amounts as described in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong, the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 26 March 2025, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by a director of the Issuer who is also an Authorised Signatory of the Issuer (or by two Authorised Signatories of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; and (B) an opinion from an independent tax or legal advisor of the Issuer (or the Guarantor, as the case may be) to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment, and the Trustee shall be entitled, without further enquiry or investigation and without liability to the Issuer, the Guarantor, the REIT Manager, any Noteholder or any other person, to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on Noteholders. None of the Trustee and the Agents shall be responsible for monitoring or taking any steps to ascertain whether any change or amendment mentioned in this Condition 6(b) has occurred or may occur.

(c) **Redemption following Change of Control**: If, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each such Note will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(b) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the date which is 14 days after the expiration of the Put Period (as defined below) (the "**Put Date**") at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A "**Change of Control Put Event"** will be deemed to occur if:

(i) any person or persons (other than the Permitted Holders) acting together acquires Control of Yuexiu REIT Asset Management Limited; or

(ii) the Permitted Holders cease to have, either directly or indirectly or as the beneficiary of a trust, acting individually or together, Control of Yuexiu REIT Asset Management Limited or any subsequent manager of Yuexiu REIT; or

(iii) the percentage ownership of units of Yuexiu REIT held by the Permitted Holders (whether directly or through any one or more of its Subsidiaries) is less than 15 per cent. of the total number of units of Yuexiu REIT in issue (from time to time) for a period of more than 21 consecutive Trading Days; or

(iv) the Permitted Holders in the aggregate cease to be the single largest owner of the units of Yuexiu REIT.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 16 and to the Trustee and the CMU Lodging and Paying Agent in writing specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Note must deposit the Certificate representing such Note(s) with the Registrar or any relevant Transfer Agent at its specified office, in each case at any time during normal business hours in the location of the specified office of such Registrar or such Transfer Agent, as the case may be, falling within the period (the "**Put Period**") of no earlier than 30 days and no later than 60 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the Registrar or any relevant Transfer Agent, as the case may be (a "**Change of Control Put Exercise Notice**"). No Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

Neither the Trustee nor any Agent is under any obligation to monitor, ascertain or verify whether a Change of Control Put Event or any event which could lead to the occurrence of a Change of Control Put Event or could constitute a Change of Control Put Event has occurred, and, until it shall have express notice pursuant to the Trust Deed or the Agency Agreement (as the case may be) to the contrary, the Trustee and each Agent may assume that no Change of Control Put Event or other such event has occurred. Neither the Trustee nor any Agent shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Change of Control Put Event, and none of them shall be liable to the holders, the Issuer, the Guarantor, the REIT Manager or any other person for not doing so.

In this Condition 6(c):

"**Alternative Stock Exchange**" means at any time, in the case of the units of Yuexiu REIT, if they are not at that time listed and traded on The Stock Exchange of Hong Kong Limited, the principal stock exchange or securities market on which the units are then listed or quoted or dealt in.

"**Control**" of any person means the acquisition or control of more than 30 per cent. of the voting rights of the issued share capital of such person or the right to appoint and/or remove all or the majority of the members of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the board of directors or any other governing board and does not include the Issuer's wholly owned direct or indirect subsidiaries; and

"**Permitted Holders**" means State-Owned Assets Supervision and Administration Commission of the Guangzhou Municipal People's Government, Guangzhou Yue Xiu Holdings Limited, Yuexiu Property Company Limited or their respective successors.

"**Trading Day**" means a day when The Stock Exchange of Hong Kong Limited or, as the case may be an Alternative Stock Exchange is open for dealing business.

So long as the Notes are represented by a Global Certificate and the Global Certificate is held on behalf of the CMU, the right of any Noteholder to redeem its Notes following the occurrence of a Change of Control Put Event will be effected in accordance with the rules and procedures for the time being of the Operator.

(d) **Purchases**: Any member of the Group may at any time purchase the Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of any such member of the Group, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) and 12.

(e) **Cancellation**: All Notes purchased by or on behalf of a member of the Group may be surrendered for cancellation by surrendering the Certificate representing such Notes to the Registrar and if so surrendered, the same shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 PAYMENTS

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) in respect of Notes shall be made (against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the fifth business day (as defined in Condition 7(e)) before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in Renminbi by wire transfer to the registered account of the Noteholder. For the purposes of this Condition 7, a Noteholder's "**registered account**" means the Renminbi account maintained by or on behalf of it with a bank that processes payments in Renminbi, details of which appear on the Register at the close of business on the Record Date.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest or premium (if any) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest or premium (if any) so paid.

*For so long as any of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**"), where "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. For these purposes, a notification from the Operator shall be conclusive evidence of records of the CMU (save in the case of manifest error). Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Noteholders, the Issuer, the Guarantor, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.*

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payments, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Appointment of Agents**: The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to (i) vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and (ii) to appoint additional or other Agents in accordance with the Agency Agreement, *provided that* the Issuer and the Guarantor shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office of an Agent shall promptly be given by the Issuer or the Guarantor to the Noteholders in accordance with Condition 16.

(d) **Delay in Payment**: The Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so), or if a transfer made in accordance with Condition 7(a) arrives in the registered account of the Noteholder after the due date for payment or the due date is not a business day (as defined in Condition 7(e)).

(e) **Non-Business Days**: Payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the due date for payment (or if that is not a business day, the first following day which is a business day) or, in the case where Certificates issued have not been surrendered at the specified office of any Transfer Agent or of the Registrar (if required to do so), on the first business day on which the CMU Lodging and Paying Agent is open for business and on which the relevant Certificate is surrendered. If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(e), "**business day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong and (if surrender of the relevant Certificate is required), the relevant place in which the specified office of the CMU Lodging and Paying Agent is located.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is required to be made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the aggregate rate applicable on 26 March 2025 (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will increase the amounts paid by it to the extent required, so that the net amount received by the Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If (i) the Issuer or, as the case may be, the Guarantor is required to make any such withholding or deduction by or within Hong Kong and/or the British Virgin Islands, or (ii) the Issuer or, as the case may be, the Guarantor is required to make any such additional withholding or deduction in excess of the Applicable Rate by or within the PRC, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

(a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the British Virgin Islands, Hong Kong or the PRC other than the mere holding of the Note; or

(b) in respect of which the Certificate representing it is presented, for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Certificate being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all interest and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

For the avoidance of doubt, neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, assessment or governmental charges referred to in this Condition 8 or otherwise in connection with the Notes or for determining whether such amounts are payable or the amount thereof, and none of the Trustee or any of the Agents shall be responsible or liable for (A) determining whether the Issuer, the Guarantor or any Noteholder is liable to pay any tax, duty, assessment or governmental charges, withholding or other payment referred to in this Condition 8; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or any of the Agents shall be responsible or liable for any failure of the Issuer, the Guarantor, any Noteholder, or any other third party to pay any such tax, duty, assessment or governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent or any other person that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, assessment or governmental charges, withholding or other payment imposed by or in any jurisdiction.

9 PRESCRIPTION

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer, the REIT Manager and the Guarantor that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued and unpaid interest to the date of repayment:

(i) ***Non-Payment***: default is made (i) in the payment of any principal when due or (ii) for more than seven days in the payment of interest due in respect of the Notes; or

(ii) ***Breach of Other Obligations***: the Issuer, the REIT Manager or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 30 days after written notice of such default shall have been given to the Issuer, the REIT Manager or the Guarantor (as appropriate) by the Trustee; or

(iii) ***Cross-Default***: (A) any other present or future indebtedness of the Issuer, the Guarantor, Yuexiu REIT or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer, the Guarantor, Yuexiu REIT or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(iii) have occurred equals or exceeds US$80 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which such equivalent is determined for the purposes of this Condition 10(iii)); or

(iv) ***Enforcement Proceedings***: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor, Yuexiu REIT or any Principal Subsidiary, and is not discharged or stayed within 90 days; or

(v) ***Security Enforced***: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor, Yuexiu REIT or any Principal Subsidiary on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and is not discharged or stayed within 90 days; or

(vi) ***Insolvency***: any of the Issuer, the Guarantor, Yuexiu REIT or any Principal Subsidiary is adjudicated or found to be insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or material part of (or of a particular type of) the debts of the Issuer, the Guarantor, Yuexiu REIT or any Principal Subsidiary or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a material part of (or of a particular type of) the debts of the Issuer, the Guarantor, Yuexiu REIT or any Principal Subsidiary; or

(vii) ***Winding-up***: (A) an order is made or an effective resolution passed for (i) the termination, winding-up or dissolution or judicial management or administration of Yuexiu REIT or (ii) the winding-up, dissolution, judicial management or administration of the Issuer or any Principal Subsidiary; or (B) the Issuer, Yuexiu REIT or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except (i) for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or Yuexiu REIT or any of their respective Subsidiaries, in any combination or (iii) in the case of any Principal Subsidiary, in the case of a solvent winding-up or dissolution whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or Yuexiu REIT, as the case may be, or any of their respective Subsidiaries or (iv) in the case of any Principal Subsidiary, as a result of a disposal on arm's length terms whereby the proceeds from such disposal are transferred to or otherwise vested in the Issuer or Yuexiu REIT, as the case may be, or any of their respective Subsidiaries; or

(viii) ***Cessation of Ownership***: the Issuer ceases to be a direct or indirect wholly-owned Subsidiary of Yuexiu REIT; or

(ix) ***Nationalisation***: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor, Yuexiu REIT or any Principal Subsidiary; or

(x) ***Authorisations and Consents***: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable each of the Issuer, the Guarantor and the REIT Manager lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done; or

(xi) ***Illegality***: it is or will become unlawful for the Issuer, the Guarantor or the REIT Manager to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(xii) ***Guarantee***: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(xiii) ***Analogous Events***: any event occurs that under any applicable laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(iv) to 10(ix) (both inclusive).

The Issuer shall (i) inform the Trustee immediately upon becoming aware that one of the events set out above in this Condition 10 has occurred and (ii) provide all relevant information in respect of such event to the Trustee.

In this Condition 10:

"**Principal Subsidiary**" means any Subsidiary of Yuexiu REIT:

(a) whose revenue or (in the case of a Subsidiary which itself has subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 10 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of Yuexiu REIT and its Subsidiaries including, for the avoidance of doubt, Yuexiu REIT and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(b) whose gross profit or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross profit, as shown by its latest audited income statement are at least 10 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of Yuexiu REIT and its Subsidiaries including, for the avoidance of doubt, Yuexiu REIT and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose gross assets or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 10 per cent. of the amount which equals the amount included in the consolidated gross assets of Yuexiu REIT and its Subsidiaries as shown by the latest published audited consolidated balance sheet of Yuexiu REIT and its Subsidiaries including, for the avoidance of doubt, the investment of Yuexiu REIT in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of Yuexiu REIT and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary until the date on which the first published audited accounts (consolidated, if appropriate), of Yuexiu REIT prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of Yuexiu REIT relate, the reference to the then latest consolidated audited accounts of Yuexiu REIT for the purposes of the calculation above shall, until consolidated audited accounts of Yuexiu REIT for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of Yuexiu REIT adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(B) if at any relevant time in relation to Yuexiu REIT or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, gross profit or gross assets of Yuexiu REIT and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by Yuexiu REIT;

(C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, gross profit or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by Yuexiu REIT; and

(D) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of Yuexiu REIT, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of Yuexiu REIT.

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary if the revenue (or consolidated revenue if the Subsidiary itself has subsidiaries), gross profit (or consolidated gross profit if the Subsidiary itself has subsidiaries) or gross assets (or consolidated gross assets if the Subsidiary itself has subsidiaries) attributable to such Subsidiary when aggregated with the revenue (or consolidated revenue if appropriate), gross profit (or consolidated gross profit if appropriate) or gross assets (or consolidated gross assets if appropriate) attributable to any other Subsidiary which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 10 has occurred since the issue date of the Notes, exceeds 10 per cent. of the consolidated revenue, consolidated gross profit or consolidated gross assets of Yuexiu REIT and its Subsidiaries.

11 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed and/or the Agency Agreement. Such a meeting may be convened by the Trustee, the Issuer or the Guarantor and shall be convened by the Trustee upon request in writing from the Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing the Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium (if any) payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (vi) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes for the time being outstanding, or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. A resolution passed in writing or by Electronic Consent (as defined in the Trust Deed) will be binding on all Noteholders whether or not they participated in such written resolution and/ or Electronic Consent, as the case may be.

(b) **Modification and Waiver of Agreements and Deeds**: The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law or regulation, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 16.

(c) **Substitution**: The Trust Deed contains provisions permitting but not obliging the Trustee to agree, subject to satisfaction of the requirements relating to substitution set out in the Trust Deed and to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or of the Guarantor, its successor in business or its replacement as trustee of Yuexiu REIT in place of the Issuer or the Guarantor or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution, the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the interests of, or be responsible for, the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12 ENFORCEMENT

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and the Notes, but it need not take any such steps and/or actions or and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the Noteholders holding at least 25 per cent. in aggregate principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking any steps and/or actions and/or instituting any proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Notes and to enforce payment or taking other actions and/or steps and/or instituting other proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and for the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and any liabilities incurred by it in priority to the claims of the Noteholders. The Trustee, the Agents and their respective affiliates are entitled to (i) enter into business transactions with the Issuer, the Guarantor and/or any entity related to the Issuer or the Guarantor without accounting for any profit, and to act as trustee for the Noteholders of any other securities issued by or relating to, the Issuer, the Guarantor and/or any entity related to the Issuer or the Guarantor, (ii) to exercise and enforce its rights, powers and discretions, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely conclusively and may act or refrain from acting, in each case, without liability to the Noteholders, the Issuer, the Guarantor, the REIT Manager or any other person on any report, information, confirmation or certificate or any opinion or advice of any accountants, legal counsel, financial advisers, financial institutions or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, information, confirmation, certificate, opinion or advice and, in such event, such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor, the REIT Manager and the Noteholders. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the REIT Manager, the Noteholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, certificate, information, advice or opinion.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions or by law to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction or certification, to seek directions or clarification of any directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall be entitled to rely conclusively on any such directions or clarification and, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the REIT Manager, the Guarantor, Yuexiu REIT, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction or certification as a result of seeking such direction or clarification of any directions from the Noteholders or in the event that no direction or clarification is given to the Trustee by the Noteholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the REIT Manager, the Guarantor and/or any other person appointed by the Issuer, the REIT Manager or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the REIT Manager, the Guarantor, Yuexiu REIT or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely conclusively on any instruction, direction, request or resolution of the Noteholders given by the Noteholders holding the requisite principal amount of the Notes outstanding or passed at a meeting of the Noteholders convened and held in accordance with the Trust Deed or otherwise as contemplated or permitted by the Trust Deed and/or the Notes.

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default, a Potential Event of Default (as defined in the Trust Deed) or a Change of Control Put Event has occurred, and shall not be liable or responsible to the Issuer, the Guarantor, the REIT Manager, the Noteholders or any other person for not doing so.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the REIT Manager, the Guarantor, Yuexiu REIT and the Group, and the Trustee shall not at any time have any responsibility or liability for the same and each Noteholder shall not rely on the Trustee in respect thereof.

14 REPLACEMENT OF CERTIFICATES

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to the provisions of the Agency Agreement, applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them and the timing for making the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Notes or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any further notes issued pursuant to this Condition 15 and consolidated and forming a single series with the outstanding Notes. Any further notes consolidated and forming a single series with the outstanding Notes shall be constituted by the Trust Deed or any deed supplemental to it.

16 NOTICES

Notices required to be given to the holders of the Notes pursuant to these Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing.

Until such time as any individual Certificates are issued and so long as the Global Certificate is held in its entirety on behalf of the Operator, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the CMU for communication to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ORDINANCE (CAP. 623 OF THE LAWS OF HONG KONG)

Without prejudice to Condition 12, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the laws of Hong Kong).

18 GOVERNING LAW AND JURISDICTION

(a) **Governing Law**: The Trust Deed, the Notes and the Agency Agreement are governed by and shall be construed in accordance with, Hong Kong law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Notes, the Trust Deed or the Agency Agreement (the "**Proceedings**") may be brought in such courts. Each of the Issuer, the Guarantor and the REIT Manager has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong and waived any objections to the Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Service of Process**: The Issuer has in the Trust Deed irrevocably agreed to receive service of process at its principal place of business in Hong Kong at 17B, Yuexiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. Terms defined in the Terms and Conditions of the Notes have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.

Upon issue, the Notes will be represented by a Global Certificate registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator of the CMU.

Owners of interests in the Notes in respect of which the Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive certificates if either the CMU or any other clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar through which the Notes are held (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

PROMISE TO PAY

Under the Global Certificate, the Issuer, for value received, will promise to pay to the holder of the Notes represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Notes) on the maturity date of the Notes (or on such earlier date as the amount payable upon redemption under the Terms and Conditions of the Notes may become repayable in accordance with the Terms and Conditions of the Notes) the amount payable upon redemption under the Terms and Conditions of the Notes in respect of the Notes represented by the Global Certificate and to pay interest in respect of such Notes from the Issue Date in arrear in accordance with the Terms and Conditions of the Notes, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Notes, in accordance with the Terms and Conditions of the Notes.

Notwithstanding the provisions of the preceding paragraph, for so long as any of the Notes are represented by the Global Certificate and the Global Certificate is held by or on behalf of the Operator, payments of interest, premium (if any) or principal will be made to the CMU which will credit the same in accordance with the CMU Rules to the person(s) shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**") at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. Payment made in accordance with the CMU Rules as set out in the immediately preceding sentence shall discharge the obligations of the Issuer in respect of that payment. Any payments by the CMU participants to indirect participants shall be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Noteholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment. For these purposes, a notification from the Operator shall be conclusive evidence of the records of the CMU (save in the case of manifest error). Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.

NOTICES

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Notes may be validly given by the delivery of the relevant notice to each accountholder via the CMU or, as the case may be, any Alternative Clearing System, in substitution for notification as required by the Conditions, and shall be deemed to have been given on the date of delivery to the CMU or, as the case may be, any Alternative Clearing System. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

MEETINGS

For the purposes of any meeting of the Noteholders, the holder of the Notes represented by the Global Certificate (unless the Global Certificate represents only one Note) shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each CNY10,000 in principal amount of Notes for which the Global Certificate is issued.

NOTEHOLDER'S REDEMPTION

The Noteholder's redemption option in Condition 6(c) (Redemption following Change of Control) of the Terms and Conditions of the Notes may be exercised by the holder of the Global Certificate giving notice to the CMU Lodging and Paying Agent within the time limits specified in the Terms and Conditions of the Notes, in accordance with the rules and procedures of the CMU or any Alternative Clearing System.

ISSUER'S REDEMPTION

The option of the Issuer provided for in Condition 6(b) (Redemption for Taxation Reasons) of the Terms and Conditions of the Notes shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes.

TRANSFERS

Payments, transfers, exchanges and other matters relating to interests in the Global Certificate may be subject to various policies and procedures adopted by the Operator (or any Alternative Clearing System) from time to time. None of the Issuer, the Guarantor, the REIT Manager, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them will have any responsibility or liability for any aspect of the Operator's records relating to, or for payments made on account of, interests in the Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

CANCELLATION

Cancellation of any Note represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer or the Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Notes in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

TRUSTEE'S POWERS

In considering the interests of Noteholders while the Global Certificate is registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator (or a nominee for an Alternative Clearing System), the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

CAPITALISATION

The following table sets forth the consolidated capitalisation and indebtedness of Yuexiu REIT as at 31 December 2024 on an actual basis and as adjusted to give effect to the issuance of the Notes (before deducting any fees, commissions and other estimated transaction expenses payable). The following table should be read in conjunction with the consolidated financial information of Yuexiu REIT for the year ended 31 December 2024 and the related notes included elsewhere in this Offering Circular.

	As at 31 December 2024	
	Actual	As adjusted
	RMB'000	RMB'000
Current borrowings	4,607,000	4,607,000
Notes to be issued	—	1,000,000
Non-current borrowings	15,972,956	15,972,956
Total borrowings(1)	20,579,956	21,579,956
Net assets attributable to unitholders	14,829,378	14,829,378
Total capitalisation(2)	35,409,334	36,409,334

(1) Total borrowings represents the sum of current borrowings, notes to be issued and non-current borrowings.

(2) Total capitalisation represents the sum of total borrowings and net assets attributable to unitholders.

Since 31 December 2024, there has been no material change in the consolidated capitalisation of the Group.

DESCRIPTION OF THE ISSUER

INCORPORATION

The Issuer is a company wholly-owned by the REIT Trustee in its capacity as trustee of Yuexiu REIT, and was incorporated on 20 September 2001 with limited liability under the laws of the British Virgin Islands. The registered office of the Issuer is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a registered non-Hong Kong company carrying on business in Hong Kong under the name of Yuexiu REIT Moon King Limited.

BUSINESS ACTIVITIES

The material asset of the Issuer is the Fortune Plaza Property. Other than holding the Fortune Plaza Property, the Issuer has not engaged, since its incorporation, in any material activities other than those regarding or incidental to its registration and the authorisation of documents, agreements referred to in the offering circular dated 17 March 2023 in connection with the issue of the FTZ Notes, to which it was a party and the issue of the FTZ Notes and agreements referred to in this Offering Circular to which it is or will be a party and the issue of the Notes. As at the date of this Offering Circular, the entire principal amount of the FTZ Notes remains outstanding.

DIRECTORS

As at the date of this Offering Circular, the directors of the Issuer are Mr. LIN Deliang, Ms. OU Haijing and Mr. CHEN Yongqin. Further information on the particulars and experience of the directors is set forth in "*Management*". The Issuer does not have any employees.

SHARE CAPITAL

The authorised capital of the Issuer is US$50,000 divided into 50,000 shares with a par value of US$1.00 each, of which one ordinary share is issued and paid-up. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Issuer has no subsidiaries.

DESCRIPTION OF YUEXIU REIT

OVERVIEW

Yuexiu REIT was the first Hong Kong REIT listed with a PRC focused property portfolio. The portfolio mainly comprises nine premium commercial properties located in Chinese Mainland including: (a) six properties located in Guangzhou, namely Guangzhou IFC, White Horse Property, Fortune Plaza Property, City Development Plaza Property, Victory Plaza Property and Yuexiu Financial Tower; (b) Shanghai Yue Xiu Tower located in Shanghai; (c) 67 per cent. of the Wuhan Property located in Wuhan; and (d) Hangzhou Victory Business Center located in Hangzhou (collectively, the "**Main Properties**"), which have a solid track record of revenue and property valuation growth. Yuexiu REIT derives almost all of its income from the Main Properties. Yuexiu REIT also acquired units one to three on the 17th floor and units one to three on the 23rd floor of Yue Xiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong (the "**Hong Kong Properties**", and together with the Main Properties, the "**Properties**").

The tables below set out some of the key financial information relating to Yuexiu REIT for the periods and as at the dates indicated:

	For the year ended 31 December	
	2023	**2024**
	(in RMB, unless otherwise specified)	
Gross income	2,086,855,000	2,031,536,000
Net property income	1,475,262,000	1,444,929,000
Loss after tax	(3,955,000)	(336,589,000)
(Losses)/earnings per unit ("**Unit**") — Basic	0.001	(0.064)
Distribution		
Total distribution (including additional items)	409,842,000	314,767,000
Distribution per Unit (HK$)	0.0924	0.0680

	As at 31 December	
	2023	**2024**
	(in RMB, unless otherwise specified)	
Property portfolio valuation	42,559,146,000	42,308,008,000
Net assets attributable to Unitholders per Unit	3.18	2.91
Units issued (units)	4,915,738,171	5,090,738,171
Total borrowings as a percentage of gross assets[(1)]	46.2%	47.5%
Gross liabilities as a percentage of gross assets[(2)]	61.6%	63.0%

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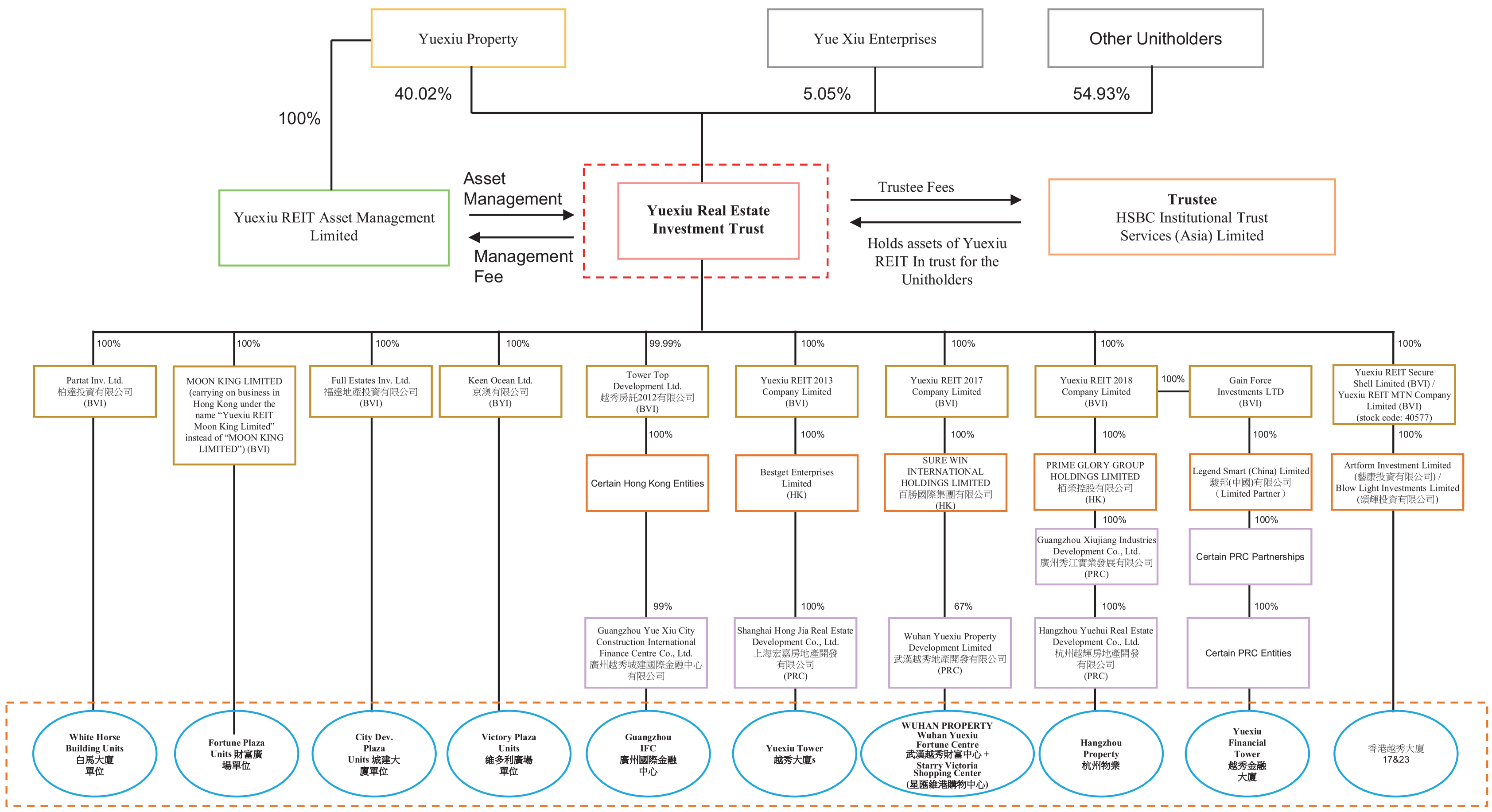
(1) Calculation of total borrowings based on bank loan and other borrowings, excluding capitalisation of debt-related expenses.

(2) Calculation of gross liabilities based on total liabilities, excluding net assets attributable to Unitholders.

STRUCTURE OF YUEXIU REIT

The following diagram illustrates the simplified corporate structure of Yuexiu REIT as at 31 December 2024:



REIT Manager

The REIT Manager, Yuexiu REIT Asset Management Limited, is wholly-owned by Yuexiu Property and was incorporated for the sole purpose of managing the assets of Yuexiu REIT. It is licensed by the SFC to conduct the regulated activity of asset management, as required by the REIT Code. In addition to managing the assets of Yuexiu REIT, among other things, the REIT Manager sets the strategic direction and risk management policies of Yuexiu REIT and is responsible for the acquisition, divestment or enhancement of Yuexiu REIT assets in accordance with its stated investment strategy and the REIT Trust Deed, subject to the oversight of the REIT Trustee.

Specifically, the REIT Manager may require the REIT Trustee to guarantee borrowings or to borrow on behalf of Yuexiu REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Yuexiu REIT to meet any liabilities or to finance the acquisition of any property. However, the REIT Manager may not direct the REIT Trustee to guarantee or to incur a borrowing if it involves the personal liability of the REIT Trustee or if to do so would mean that Yuexiu REIT's total borrowings exceed 50 per cent. (or such other limit as may be stipulated under the REIT Code) of the total asset value of the Deposited Property as set out in Yuexiu REIT's latest published audited accounts immediately prior to the time the borrowing is incurred as adjusted by: (i) deducting the amount of any distribution proposed by the REIT Manager in such audited accounts and any distribution declared by the REIT Manager since the publication of such accounts; and (ii) where appropriate, the latest published valuation of the assets of Yuexiu REIT if such valuation is published after the publication of such accounts.

REIT Trustee

HSBC Institutional Trust Services (Asia) Limited, is a company incorporated under the laws of Hong Kong, which is registered as a trust company under section 77 of the Trustee Ordinance (Cap. 29) of Hong Kong and licensed by the SFC to conduct the regulated activity of providing depository services for SFC-authorised collective investment schemes. It is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited.

The REIT Trustee has the fiduciary duty to hold the assets of Yuexiu REIT on trust for the benefit of Unitholders and to oversee the activities of the REIT Manager for compliance with the REIT Trust Deed, the REIT Code, and other regulatory requirements applicable to Yuexiu REIT. This includes ensuring that all investment activities carried out by the REIT Manager are in line with the investment objectives and policies of Yuexiu REIT.

The REIT Trustee is entitled to apply, and to be reimbursed from, the Deposited Property for all costs and expenses and other liabilities properly incurred in its capacity as the trustee of Yuexiu REIT.

COMPETITIVE STRENGTHS OF YUEXIU REIT

The REIT Manager believes that Yuexiu REIT is well-positioned to take advantage of the continued development of the property market in the PRC and globally by leveraging on the following competitive strengths:

Robust operating performance and stable recurring income.

Yuexiu REIT was the first Hong Kong REIT listed with a focus on PRC portfolio. The portfolio mainly comprises nine premium commercial properties located in Chinese Mainland including: (a) six properties located in Guangzhou, namely Guangzhou IFC, White Horse Property, Fortune Plaza Property, City Development Plaza Property, Victory Plaza Property and Yuexiu Financial Tower; (b) Shanghai Yue Xiu Tower located in Shanghai; (c) 67 per cent. of the Wuhan Property located in Wuhan; and (d) Hangzhou Victory Business Center located in Hangzhou. Before the injection of Guangzhou IFC in October

2012, the value of Yuexiu REIT's property portfolio of assets steadily appreciated from approximately HK$4,240 million (equivalent to approximately RMB4,260 million) as at 31 December 2006 to approximately RMB6,471 million as at 31 December 2011, representing a compound annual growth rate ("**CAGR**") of approximately 8.7 per cent., while its revenue from its assets increased from approximately HK$369.5 million (equivalent to approximately RMB371 million) for the year 31 December 2006 to approximately RMB522 million for the year 31 December 2011, representing a CAGR of approximately 7.1 per cent.. Yuexiu REIT has benefited from a significant increase in asset value after the injection of Guangzhou IFC in October 2012, which increased the value of Yuexiu REIT's property portfolio to approximately RMB22,326 million as at 31 December 2012. After the acquisitions of Shanghai Yue Xiu Tower in 2015, 67 per cent. interest in the Wuhan Property in 2017, Hangzhou Victory Business Center in 2018, carpark spaces at Fortune Plaza Property (the "**Fortune Plaza Carpark Spaces**") and carpark spaces at City Development Plaza Property ("**City Development Plaza Carpark Spaces**") in 2019 and Yuexiu Financial Tower in 2021, and the disposal of Neo Metropolis Plaza Property located in Guangzhou (the "**Neo Metropolis Plaza Property**") in 2018. The value of Yuexiu REIT's property portfolio reached approximately RMB42,308 million as at 31 December 2024. While the value of its property portfolio was RMB6,471 million as at 31 December 2011. Yuexiu REIT's revenue also increased from approximately RMB522 million for the year ended 31 December 2011 to approximately RMB2,032 million for the year ended 31 December 2024.

The property portfolio of Yuexiu REIT has generally maintained high average monthly rental rates through various economic cycles, while securing better than market occupancy rates from 2005 to 2024 for all of its properties. The average occupancy rate for all of Yuexiu REIT's properties in the year ended 31 December 2024 was approximately 84.5 per cent. and the average monthly unit rent for all of Yuexiu REIT's properties in the year ended 31 December 2024 was approximately RMB191.9 per sq.m.

In addition, Yuexiu REIT has benefited from long-term partnerships with professional management firms and the seamless integration among tenant recruitment, operations and management teams. The REIT Manager has utilised various market monitoring measures and promotions to attract tenants and to enhance recurring income. The REIT Manager also has enacted various tenant management systems to better understand tenant needs and their operating strategies, which enables the REIT Manager to actively optimise tenant mix and property utilisation. These tenant management systems allow the REIT Manager to respond quickly to tenant requests and rental market dynamics by implementing property enhancement measures, facility upgrades, value-added strategies and unique services, which provide tenants with competitive and high quality facilities and services, and enable Yuexiu REIT to maintain high occupancy rates and rental rates.

Furthermore, the REIT Manager has formed partnerships and collaborated with Ascott, the world's largest serviced apartments owner-operator in terms of the number of serviced residence units worldwide, and with the internationally acclaimed management team of the Four Seasons Group, to enhance the public profile of Guangzhou IFC, which has become one of the most successful and remarkable commercial buildings in Guangzhou. During the year of 2024, Four Seasons Hotel Guangzhou maintained its leading position in the local luxury market and was awarded the "Forbes Travel Guide Five-star Hotel" by Forbes Travel Guide for nine consecutive years, witnessing a significant increase in the proportion of international customers, which effectively offset the decrease in domestic market demand. The core restaurants of the Four Seasons Hotel Guangzhou won multiple Michelin awards and recorded the peak revenue in the last seven years during the Spring Canton Fair.

With its strong tenant recruitment capability, highly efficient operations and high value-adding support from property management, Yuexiu REIT has experienced, and expects to continue experiencing, increased recurring income, strong operating performance and steady growth.

Diversified portfolio of landmark properties with strategic locations.

Yuexiu REIT benefits from the prime locations of its landmark properties, which include a combination of Grade A offices, serviced apartments and a hotel, retail malls and wholesale malls in four out of nine cities in the PRC designated by the PRC State Council under the National Urban System Plan (2010-2020) as national central cities. This diversified portfolio mix enables Yuexiu REIT to minimise property concentration risks, while achieving balanced business growth. Yuexiu REIT generated total revenue of RMB2,031,536,000 for the year ended 31 December 2024 from its office, serviced apartments and a hotel, retail malls and wholesale malls, which represented approximately 57 per cent., 25 per cent., 8 per cent. and 10 per cent., respectively, of the total gross income of its properties as at 31 December 2024.

In addition, Yuexiu REIT continues to benefit from the strategic location where majority of the asset are located. Guangzhou is also the economic, commercial and cultural centre of the Pearl River Delta, one of the fastest growing regions of the PRC, as well as the key transportation, manufacturing, trade and logistics hub of southern China. The Guangzhou property portfolio of Yuexiu REIT is strategically located in core business areas of Guangzhou, including Liuhua business and exhibition area, the central business district ("**CBD**") of Tianhe District, Zhujiang New Town CBD area, as well as in close proximity to public transportation infrastructure such as subway stations, bus stations and highways.

With the acquisitions of Shanghai Yue Xiu Tower (formerly known as Hongjia Tower), Wuhan Property, Hangzhou Victory Business Center and the Hong Kong Properties in August 2015, December 2017, December 2018 and December 2022, respectively, Yuexiu REIT has expanded its footprint beyond Guangzhou and diversified the sources of its income from other Tier 1 and 1.5 national central cities in the PRC and Hong Kong. The Shanghai Yue Xiu Tower, Wuhan Property, Hangzhou Victory Business Center and the Hong Kong Properties are strategically located in the CBDs of their respective cities and enjoy excellent accessibility by public transportation.

Strong support from Yuexiu Property.

Yuexiu REIT has received strong support from Yuexiu Property, a Hong Kong Stock Exchange-listed property development company. Yuexiu Property focuses on developing properties in Guangzhou and other cities of China, and along with parties acting in concert with it, is the largest single Unitholder of Yuexiu REIT. The controlling shareholder of Yuexiu Property, GZ Yuexiu, is a 100 per cent. state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People's Government. As at Latest Practicable Date, the aggregate unitholding of Yuexiu Property and parties acting in concert with it (including Yue Xiu Enterprises, a wholly-owned subsidiary of GZ Yuexiu, and its subsidiaries) is approximately 45.08 per cent.. Under the unique interactive business model of "Yuexiu Property and Yuexiu REIT", Yuexiu REIT is able to acquire certain quality commercial assets at competitive pricing from Yuexiu Property, subject to the relevant regulatory, shareholder and Unitholder approvals, as well as market conditions. For instance, in the acquisition of Guangzhou IFC by Yuexiu REIT in October 2012, Yuexiu Property agreed to provide income support to Yuexiu REIT for the difference between the actual gross operating profit ("**GOP**") and the guaranteed GOP of hotel and serviced apartments for the period from 1 July 2012 up to and including 31 December 2016. The aggregate total GOP support provided was approximately RMB519 million. In the acquisition of Wuhan Property by Yuexiu REIT in December 2017, Yuexiu Property has provided support payments to Yuexiu REIT for the period from 1 January 2018 up to and including 31 December 2020, payable semi-annually by determining the difference between the actual adjusted net income and baseline adjusted net income for the relevant period. These enable Yuexiu REIT to mitigate its exposure to the initial start-up risk associated with the operation of the Guangzhou IFC Hotel and Serviced Apartments and the Wuhan Property, and to ensure that Yuexiu REIT would receive stable and recurrent rental income during such period. See "*The Portfolio — Guangzhou IFC — Deed of Top-up Payments*" and "*The Portfolio — Wuhan Property — Support Arrangement*".

In addition, leveraging on the solid platform and brand recognition of Yuexiu Property, as well as the support from Guangzhou Municipal People's Government, Yuexiu REIT has developed the necessary market profile and substantial negotiating power that have enabled it to develop closer relationships with domestic and international banks for preferential onshore and offshore financings. In addition, Yuexiu REIT is expected to continue to leverage on, and benefit from, future injections of prime properties at favourable prices from Yuexiu Property to foster its long-term and sustainable development.

Stable financial performance and prudent financial policy.

The REIT Manager has enacted prudent financial management policies that have enabled Yuexiu REIT to maintain a good credit profile, a strong balance sheet, and a healthy and stable liquidity position to meet the needs of a fast-changing external market. The REIT Manager consistently monitors its current and expected liquidity requirements and compliance with borrowing covenants to ensure sufficient cash reserves and adequate committed facilities to satisfy its short-term and long-term liquidity requirements. It also ensures that Yuexiu REIT has sound financial performance and capital structure.

The REIT Manager adheres to sound and prudent internal financial policy and seeks to ensure that Yuexiu REIT's gearing ratio (i.e. total borrowings divided by total assets) does not exceed 50 per cent., while employing a combination of short-term and long-term financing to meet projected capital needs. It identifies certain market risks related to foreign exchange, credit, interest rates, liquidity and capital and fair valuation to design and implement corresponding risk management systems, which seek to minimise any adverse effect on Yuexiu REIT's financial performance in changing and unpredictable market conditions. The REIT Manager expects to continue developing the solid relationship of Yuexiu REIT with banks and other financial institutions so that it can continue to benefit from access to diversified funding sources, including bilateral loans, syndicated loans and the capital markets. For example, Yuexiu REIT had raised: (1) HK$2,069.6 million through its initial public offering in 2005; (2) HK$203 million through unit placement to finance its acquisition of the Neo Metropolis Plaza Property in 2008; (3) RMB4.212 billion through unit placement and RMB2.4 billion through issuance of deferred units, respectively, to finance the acquisition of Guangzhou IFC in 2012; (4) HK$380 million through placement of units to PICC Asset Management Company Limited also to finance the acquisition of Guangzhou IFC; (5) U.S.$177 million and U.S.$217 million by way of loans in 2015; (6) RMB3.356 billion by way of a loan in 2016; (7) HK$2.3 billion by way of a loan in 2016; (8) HK$2.95 billion by way of a loan in 2017; (9) HK$2.8 billion by way of a loan in 2018; (10) HK$412.6 million by way of a loan to finance the acquisition of Hangzhou Victory Business Center in 2018; (11) HK$5.2 billion by way of a loan in 2019; (12) HK$122.6 million by way of a loan to finance the acquisition of City Development Plaza Carpark Spaces and the Fortune Plaza Carpark Spaces in 2019; (13) U.S.$400 million 2.65 per cent. notes due 2026 in the debt capital markets, HK$3,950 million through a rights issue and a unit placement, and HK$4,800 million by way of a loan to finance the acquisition of Yuexiu Financial Tower in 2021; and (14) RMB1.5 billion 4.15 per cent. notes due 2026 in 2024. The REIT Manager also intends to adhere to proactive and prudent investment principles, continue to seek quality commercial properties from Yuexiu Property and external markets, and ensure stable investment income for the Unitholders. In accordance with the REIT Trust Deed, Yuexiu REIT is required to distribute no less than 90 per cent. of its total distributable income to Unitholders for each financial year.

As at 31 December 2024, total borrowings of Yuexiu REIT amounted to approximately RMB20,579,956,000 which represented approximately 47.5 per cent. of total assets of Yuexiu REIT.

Effective corporate governance and highly experienced management team.

With a strong and comprehensive corporate governance system, Yuexiu REIT is managed by the REIT Manager, whose Board of Directors consists of eight directors, four of whom are independent non-executive directors. This structure ensures the REIT Manager's independence in decision making and operations and allows it to comply with the relevant regulations. Most of the members of the management team of the REIT Manager have over 15 years' experience in operations and financial management, capital operations and corporate development. In particular, Mr. LIN Deliang, Chief Executive Officer and Executive Director of the REIT Manager, has more than 20 years of experience in property investment and operation strategies. Other members of the management team have significant experience and in-depth knowledge of the property industry and financial markets, which enables the REIT Manager to efficiently oversee and manage the REIT operations, while taking advantage of market opportunities as they arise. In addition, Yuexiu REIT has established strategic partnerships with top-tier property management firms, such as Jones Lang LaSalle, which provides high quality professional services to Yuexiu REIT as both an asset management consultant and property management partner. Yuexiu REIT also benefits from the management expertise of Ascott and the Four Seasons Group, two prominent international property management companies, which provide Yuexiu REIT with important external management assistance in respect of the hotel and serviced apartments of Guangzhou IFC.

Yuexiu REIT is a constituent of multiple market indexes, including the Hang Seng REIT Index, the Hang Seng Composite Index, the Hang Seng Composite MidCap & SmallCap Index, the Hang Seng Composite SmallCap Index and Hang Seng Composite Industry Index - Properties & Construction.

Yuexiu REIT has received numerous awards from media and other organisations, including the "Hong Kong Outstanding Enterprises Award" and the "Gold Award in Corporate Governance" from the Asset Benchmark Research for three consecutive years from 2014 to 2016. In 2016, Yuexiu REIT was awarded "2016 Most Promising REIT in Asia" by Fortune Times and "2016 Outstanding Commercial Property Operating Strategies" by Quamnet. In 2017, Yuexiu REIT won the Main Board and Extraordinary Enterprise Award under "Hong Kong Outstanding Enterprise 2017" presented by Economic Digest, the "2017 Business Performance Award" and the "2017 China Real Estate Developers TOP 100" granted by Guandian.cn and the Enterprise Award under "Outstanding Listed Company Tours 2017" given by Hong Kong Economic Journal. In 2018, Yuexiu REIT was the winner of Main Board and Extraordinary Enterprise Award under "Hong Kong Outstanding Enterprise 2018" presented by Economic Digest, "QuamIR Awards 2017 — The Most Remarkable Investor Relations Recognition — Main Board Category" presented by Quamnet in Hong Kong. In 2019, Yuexiu REIT and the REIT Manager were presented with the award under "Listed Enterprises of the Year 2019" by Bloomberg Businessweek and "Listed Company Awards of Excellence 2019" by Hong Kong Economic Journal both in November 2019. In 2020, Yuexiu REIT was awarded "Listed Company Awards of Excellence 2020" by Hong Kong Economic Journal Group and "2020 China Commercial Real Estate Asset Management Annual Performance Award" by Viewpoint Real Estate. In 2021, Yuexiu REIT and the REIT Manager, at the fund level, were awarded the "Listed Company Awards of Excellence 2021" by Hong Kong Economic Journal and "Top 10 Commercial Real Estate Investment Managers 2021" by Guandian. In 2024, Yuexiu REIT was presented with the "Best ESG (S)" by the Hong Kong Investor Relations Association and a Green Four Star rating and A-rating (highest level) for public disclosure by the Global Real Estate Sustainability Benchmark (GRESB). Yuexiu REIT was also selected in the TOP10 ESG Development Performance of Commercial Real Estate Enterprises in 2024 by Guandian and received the "2024 Sustainable Development Industry Model Award" and the "2024 ESG Outstanding Case Award" at the Third International Green ZeroCarbon Festival, as well as the "ESG Development Pioneer Award" from the International Federation of Finance and Real Estate (IFFRE).

In recognition of the REIT Manager's outstanding property management and high quality of its projects, a number of awards and recognitions were given to the REIT Manager and the Properties in the past. For example, the "Best Business Operation Model in 21st Century China Award (21世紀中國最佳商業運營模式獎)" was conferred on the REIT Manager, the "Tien-Yow Jeme Civil Engineering Prize (中國土木工程詹天佑獎)" was won by Guangzhou International Finance Center, the "Development Base of China Fashion Brand (中國服裝品牌孵化基地)", "China's Top Hundred Commodity Markets (中國百強商品市場)" were won by White Horse Building, and 2014's "Best Fast Fashion Mall of the Year" award was granted to Victory Plaza.

STRATEGIES OF YUEXIU REIT

The REIT Manager intends to continue implementing the following strategies:

Continue to actively explore acquisition opportunities.

The REIT Manager's investment and acquisition strategies for Yuexiu REIT are to: (i) acquire projects in line with Yuexiu REIT's investment objectives from Yuexiu Property and also from outside sources which will create synergies with the existing properties in its portfolio and (ii) identify and select high quality commercial real estate projects with growth potential in first-tier cities within the PRC, such as Beijing, Shanghai and Guangzhou as well as in core areas of key cities such as Wuhan and Hangzhou in order to further diversify the portfolio.

As such, in 2021, Yuexiu REIT completed the acquisition of Yuexiu Financial Tower located in the core business district of Zhujiang New Town, Guangzhou. Yuexiu REIT's enlarged portfolio valuation has been the largest among the PRC portfolios owned by Hong Kong and Singapore listed REITs, generating more in its income source from the office building projects and be more resilient to cyclical risk. Upon completion of the acquisition, the proportion of assets located in Guangzhou, a core city in the Greater Bay Area, increased from 79 per cent. to 83 per cent., more effectively capturing the growth opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area market, while fully optimising the synergy benefits between Guangzhou IFC and Yuexiu Financial Tower.

Going forward, the REIT Manager intends to explore appropriate acquisition opportunities that would add value to Yuexiu REIT's portfolio and improve returns to Unitholders. Certain key criteria that the REIT Manager will consider when evaluating acquisition opportunities include: (i) consistency with the REIT Manager's investment strategy, (ii) attractiveness of the property's acquisition price compared to its cash flows, current performance and sustainable future growth potential, (iii) ability of the property to complement the existing portfolio and strengthen Yuexiu REIT's market share against competition in a particular district or neighbourhood, (iv) healthy occupancy rate and established tenants of good credit standing to minimise rental delinquency and turnover, (v) opportunities to enhance the property to increase investment returns and create value, and (vi) other related factors, economic conditions and the market outlook.

Continue to actively manage Yuexiu REIT to maintain growth.

In pursuing its objectives, the REIT Manager has: (i) implemented active and prudent professional management and effective leasing strategies, and maintained a stable and sustainable growth in operating results and (ii) continued to establish partnerships with world leading hospitality brands and asset management advisors to enhance external management.

Further, in response to changes in the urban momentum, the market, industrial structure, as well as the future development trends, the REIT Manager strengthened its active management and formulated pragmatic and targeted leasing strategies to respond to and mitigate interim business operating risks, and stabilise the overall operation situation with remarkable equanimity. In particular, this involved:

- in terms of office buildings, actively uncovering customers' needs to expand leasing space and flexibly changing leasing units to retain customers who intended to terminate their leases, carrying out extensive joint marketing activities in Guangzhou, Wuhan and Hangzhou by actively expanding major channels and customer sources;

- in terms of retail shopping malls, focusing on attracting new customers in the post-pandemic era, deepening dynamic analysis of product value and conducting in-depth series of "Four Yue" (四悅) activities for the brands;

- in terms of specialised market, adopting various measures simultaneously to deal with hurdles encountered in business solicitation; and

- in terms of the hotels and apartments, continuing to focus on clients from domestic leisure traveler market, striving to attract independent business travelers and meet the expansion need for MICE (Meeting, Incentive, Convention, Exhibition) through the Four Seasons Hotel, and improving overall revenue through multi-channel marketing with concentration in market cultivation.

Continue to utilise asset enhancement strategies.

The REIT Manager plans to continue to carry out asset enhancement projects and constantly optimise the types and tenant mix of the property portfolio to enhance rental rates, occupancy rates and property value. The REIT Manager believes that there is scope for improvement in the operational efficiency of Yuexiu REIT to drive growth in net rental income and profitability over time. Such measures could include:

- disciplined and efficient asset management and cost control;

- pro-active retail and commercial leasing to attract high quality tenants;

- continually optimising tenant mix and asset enhancement measures;

- continually utilising turnover rent mechanism to share business growth of retail tenants;

- delivery of high quality and unique services to tenants and customers;

- active marketing and promotions; and

- pursuit of additional revenue opportunities.

The REIT Manager also seeks to ensure that high quality services are provided to the tenants and customers of the Properties. To this end, it will continue to: (i) provide continuous and appropriate professional training to its staff to build and sustain a high quality service culture with the necessary professionalism and personal competence, (ii) employ external consultants, advisers and service providers as and when it considers appropriate and in the interests of Unitholders, (iii) closely monitor and benchmark staff performance against international standards, (iv) create a feedback mechanism for all staff, and (v) educate staff on how their performance would affect the performance of Yuexiu REIT.

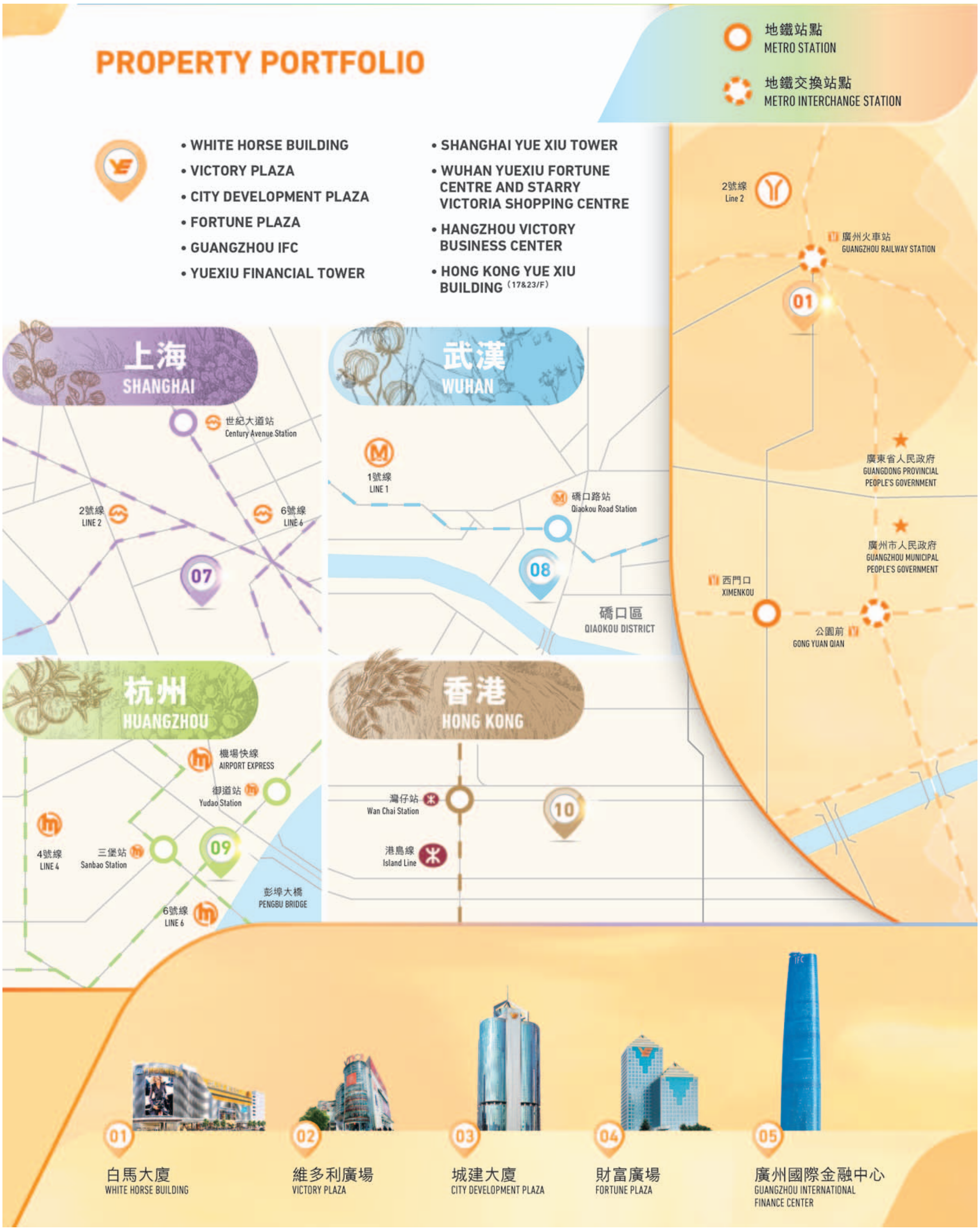
Maintain sound financial management strategies.

The REIT Manager plans to continue to strengthen its financial and cash flow management to support sustainable business growth of Yuexiu REIT. The REIT Manager intends to maintain a prudent policy on financial management to: (i) ensure sound financial performance and capital structure, (ii) maintain a healthy gearing ratio and leverage and (iii) monitor and respond to capital demands to maintain adequate liquidity on a regular basis.

The REIT Manager expects to enhance its financial strength through capital and credit markets by tapping diversified financing channels and platforms as appropriate. The REIT Manager also aims to continue to improve its internal financial management processes and corporate governance standards, while strictly adhering to the principle of prudent financial management, with a particular focus on ensuring that its spending is in line with its cash inflows. The REIT Manager believes that prudent financial management and a strong finance function allow it to capture business opportunities and to efficiently acquire prime properties at reasonable cost, once the appropriate opportunities arise.

THE PORTFOLIO

Yuexiu REIT's property portfolio mainly comprises ten properties, namely, Guangzhou IFC, White Horse Property, Fortune Plaza Property, City Development Plaza Property, Victory Plaza Property and Yuexiu Financial Tower, which are located in Guangzhou, Shanghai Yue Xiu Tower which is located in Shanghai, 67 per cent. of the Wuhan Property which is located in Wuhan, Hangzhou Victory Business Center which is located in Hangzhou and the Hong Kong Properties which are located in Hong Kong. Below are maps showing the strategic locations of the Properties.



天河區
TIANHE DISTRICT
越秀區
YUEXIU DISTRICT
6號線
Line 6
3號線北延段
Line 3 North Extension Section
廣州火車東站
GUANGZHOU EAST RAILWAY STATION
1號線
Line 1
林和西
LINHEXI
03
04
02
體育中心
TUANHE SPORTS CENTER
體育西路
TIYU XILU
APM線
Line APM
冼村
XIANCUN
3號線
Line 3
黃埔大道 HUANGPU DADAO
廣州大道 GUANGZHOU DADAO
06
5號線
Line 5
珠江新城
ZHUJIANG NEW TOWN
05
18號線
Line 18
廣州塔
CANTON TOWER
廣州
GUANGZHOU

06
越秀金融大廈
YUEXIU FINANCIAL TOWER
07
上海越秀大廈
SHANGHAI YUE XIU TOWER
08
武漢越秀財富中心及星匯維港購物中心
WUHAN YUEXIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE
09
杭州維多利商務中心
HANGZHOU VICTORY BUSINESS CENTER
10
香港越秀大廈(17&23樓)
HONG KONG YUE XIU BUILDING (17&23/F)

As at the Valuation Reference Date, the Properties had an aggregate GFA of approximately 1,184,156.5 sq.m. and an aggregate valuation of RMB42,308 million, and a total rentable area of 803,984.1 sq.m. (excluding certain areas referred to in the notes to the table below).

Property	Type	Location	Year of Completion	Area of Ownership	Total Rentable Area	Property Occupancy Rate[(1)]	Number of Leases[(1)]	Unit Rent[(1)]
				(sq.m.)	*(sq.m.)*			*(RMB/sq.m./ month)*
White Horse Building .	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	97.1%	869	448.0
Fortune Plaza Property	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2[(2)]	92.4%	112	143.2
City Development Plaza Property	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4[(3)]	92.7%	82	134.9
Victory Plaza Property .	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	96.6%	28	240.3
Guangzhou IFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	88.0%	248	217.8
Including:	Grade A office			267,804.4	183,539.6[(4)]	85.3%	189	230.6
	Retail shopping mall			46,989.2	46,727.3	98.3%	59	174.3
	Hotel			91,460.9[(5)]	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower.	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3[(6)]	89.5%	118	202.9
Wuhan Properties . . .	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	68.4%	223	66.2
Including:	Grade A office		2016	139,937.1	129,446.7[(7)]	61.1%	129	76.5
	Retail shopping mall		2015	45,471.4	43,546.6[(8)]	90.0%	94	45.5
	Commercial parking spaces		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking spaces		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory Business Center . . .	Grade A office	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8[(9)]	97.7%	34	128.6
Yuexiu Financial Tower.	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8[(10)]	83.7%	191	197.7
Hong Kong Properties .	Grade A Office	Wanchai, Hong Kong	1985	872.2	872.2	100%	4	327.5
				1,184,156.5	**803,984.1**	**84.5%**	**1,909**	**191.9**

(1) As at 31 December 2024.

(2) Excluding 1,408.3 sq.m. of parking space.

(3) Excluding 2,104.3 sq.m. of parking space.

(4) Excluding 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area.

(5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor area.

(6) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor).

(7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor area.

(8) Excluding 1,924.8 sq.m. of common facilities area.

(9) Excluding 17,663.6 sq.m. of parking space.

(10) Excluding 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area.

The following table sets forth details of the percentage of expiries in respect of the tenancies of the Properties as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

	Percentage of rented area	Percentage of total basic monthly rentals
Year		
FY2025	30.1%	28.2%
FY2026	26.0%	25.8%
FY2027	22.0%	25.0%
FY2028	10.7%	12.4%
FY2029 and beyond	11.2%	8.6%
Total	**100.0%**	**100.0%**

GUANGZHOU IFC

Overview

Guangzhou International Finance Center is a premium mixed-use commercial development comprising (i) a retail mall, (ii) a Grade-A office building, (iii) a 5-star hotel, (iv) a luxury serviced apartments tower, and (v) a car park (and other ancillary areas) (the "**Guangzhou IFC**"). and is strategically located in the CBD of Guangzhou at No. 5 Zhujiang West Road, Tianhe District, Guangzhou, PRC. Guangzhou IFC was designed by world-renowned architects WilkinsonEyre and engineered by Arup Engineering.

Yuexiu REIT acquired Guangzhou IFC on 8 October 2012. Yuexiu REIT holds 99.99 per cent. of Tower Top, a company incorporated in the BVI solely for the purpose of holding 99 per cent. of Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. (the "**Project Company**"), which in turn holds the entire interest in Guangzhou IFC. The remaining 0.01 per cent. of Tower Top is held by Yuexiu Property while the remaining 1 per cent. of the equity of the Project Company is held by the minority shareholder of the Project Company. Based on the above structure, Yuexiu REIT has an indirect interest in 98.99 per cent. of Guangzhou IFC. According to the Independent Property Valuer, Guangzhou IFC had an estimated value of RMB18,990 million as at the Valuation Reference Date. Net property income attributable to Guangzhou IFC amounted to RMB587.1 million and RMB586.0 million for the years ended 31 December 2023 and 2024, respectively.

The retail mall comprises six floors of the podium (the "**IFC Retail Mall**") and has been master leased to the Guangzhou Friendship Department Store for a term of 15 years since 31 May 2010. The area master originally leased to the Guangzhou Friendship Department Store was subsequently reduced in 2015 to allow the REIT Manager to renovate and rebrand the whole of the fourth and fifth floors and part of the basement one level as "GZIFC Shopping Mall". The IFC Retail Mall has a GFA of approximately 46,989.2 sq.m., and commenced operation in November 2010.

The Grade A offices comprise the 4th to 65th floors of Guangzhou IFC's main tower, including a financier's club house on the 27th and 28th floors, North Tower of the annex building (the "**IFC Grade A Offices**"). The IFC Grade A Offices commenced operations in June 2011.

The 5-star hotel comprises the 68th to 100th floors of Guangzhou IFC's main tower and a portion of the first five floors of the podium (the "**Hotel**"). The Hotel is managed by the Four Seasons Group (under the name "Four Seasons Hotel Guangzhou") and has 344 guest rooms as well as conference facilities, a fitness center, and other amenities, such as spa facilities, a swimming pool and restaurants. The Hotel has a GFA of approximately 91,460.9 sq.m. and commenced operation in August 2012. The Hotel received the Forbes Travel Guide Five Star rating for eight consecutive years since 2015.

The luxury serviced apartments comprise the 6th to 28th floors of Guangzhou IFC's annex building (the "**Serviced Apartments**"). The Serviced Apartments are managed by the Ascott group, under the name of "Ascott IFC Guangzhou", and have 314 units. The Serviced Apartments have a GFA of approximately 51,102.3 sq.m. and commenced operation in September 2012.

There are a total of 1,703 car park spaces in the car park. The parking space have an aggregate GFA of approximately 76,512.3 sq.m., and commenced operations in July 2011.

Guangzhou IFC has received several awards and recognition, which include the International Property Award's "Highly Commended Mixed-Use Development" in China in 2012, as well as the Lubetkin Prize awarded by the Royal Institute of British Architects in 2012. Guangzhou IFC also won the "Lu Ban Award" in 2013, representing the highest honour in quality management and engineering level in the construction industry of China. In 2017, Guangzhou IFC obtained the Standard Platinum Certification for Operating Phase LEED V4 (運營階段LEED V4標準鉑金級認證). Guangzhou IFC obtained the "Certificate of Excellence" and the "International 360 Certificate" from the Building Owner and Manager Associate (BOMA) China and BOMA in November 2019 and in July 2020, respectively, being the first asset held by a real estate investment trust listed in the Asia Pacific region to obtain these certificates. In 2021, Guangzhou IFC was awarded the first "Super Grade-A Business Office Building" (超甲級商務寫字樓), the "Best Practice Award in Operation & Management — Urban Complex" (運營管理最佳實踐獎●城市綜合體), and the "2021 Outstanding Contribution Award for Asian Real Estate Commercial Landmark Buildings" (2021亞洲不動產商業地標建築傑出貢獻獎). Guangzhou IFC obtained BOMA CHINA COE renewal certifications and BOMA 360 Performance Program renewal certification in 2022 and 2023, respectively.

Certain Key Information

The table below sets out certain key information on the Guangzhou IFC as at 31 December 2024, unless otherwise indicated. The figures below reflect the performance of the entire Guangzhou IFC, rather than Yuexiu REIT's indirect interest in 98.99 per cent. of Guangzhou IFC.

GFA (*sq.m.*)	Retail	46,989.2
	Grade A Offices	267,804.4
	Hotel	91,460.9[1]
	Serviced Apartments	51,102.3
	Total	457,356.8
Gross rentable area (*sq.m.*)	Retail	46,727.3
	Grade A Offices	183,539.6[2]
	Hotel	N/A
	Serviced Apartments	N/A
	Total	230,266.9
Number of car parking spaces		1,703
Property occupancy rate	Retail	98.3%
	Grade A Offices	85.3%
	Hotel	N/A
	Serviced Apartments	N/A
Building completion	Retail	November 2010
	Grade A Offices	June 2011
	Hotel	July 2012
	Serviced Apartments	July 2012
Term of land use rights	Retail and Hotel	40
(Commencement date: 23 June 2008)	Grade A Offices, Serviced Apartments, and car park	50
Number of tenancy agreements		248

(1) Including 2,262.0 sq.m. of hotel ancillary facilities and refuge floor area.

(2) Excluding 76,512.3 sq.m. of parking space area and 7,752.5 sq.m. of other ancillary facilities area.

IFC Grade A Office

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
1. Yuexiu Group and its subsidiaries	30.7%	37.2%
2. CCB Fintech	4.1%	3.5%
3. China Export Credit Insurance Corporation Guangdong Branch	3.6%	3.3%
4. Health and Happiness (H&H) China Limited.	2.8%	2.6%
5. Youngy Group and its subsidiaries.	2.1%	2.4%
6. AllBright Law Firm (Guangzhou)	2.2%	1.9%
7. 北京冠領 (廣州) 律師事務所.	2.1%	1.7%
8. CMB Wing Lung Bank Ltd Guangzhou Branch.	1.6%	1.6%
9. Guangzhou Dabenxiang Technology Co., Ltd.	1.9%	1.6%
10. AIA Life Insurance Co., Ltd. Guangdong Branch.	1.8%	1.3%
Total	**52.8%**	**57.2%**

IFC Retail Mall

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
1. Guangzhou Friendship Group Co., Ltd.	57.9%	36.3%
2. Guangzhou Nio Sales and Service Co., Ltd.	2.9%	12.6%
3. Yuexiu Group and its subsidiaries	5.9%	7.0%
4. AVATR (Chongqing) Automobile Sales Service Co., Ltd.	0.8%	5.0%
5. Guangzhou Peninsula Investment Group Co., Ltd.	3.0%	3.0%
6. Welcom Fitness Management Consulting (Guangzhou)	3.5%	2.8%
7. Guangzhou Guojin Shishangletao Catering Management Limited	4.3%	2.4%
8. Youyue Restaurant of Zhujiang New Town, Tianhe District, Guangzhou	2.3%	2.1%
9. Guangzhou ChangLaiDaPaiDang Catering Co., Ltd.	1.8%	1.8%
10. Guangzhou Taishen Catering Co., Ltd.	1.7%	1.7%
Total	**84.0%**	**74.7%**

Tenancy Mix

The following table sets forth the mix of tenants of the IFC Retail Mall and IFC Grade A Offices, excluding car parks and other ancillary areas, by their principal nature of business, as a percentage of Gross Rented Area leased as at 31 December 2023.

IFC Grade A Office

Industry Sector	Gross Rented Area by industry of tenants
Commercial services	51.5%
Finance	30.4%
Real estate	6.6%
Information & technology	6.1%
Manufacturing	3.0%
Culture, sports and entertainment	1.3%
Logistics services	0.7%
Others	0.5%
Total	**100%**

IFC Retail Mall

Industry Sector	Gross Rented Area by industry of tenants
Commercial services	64.6%
Food and beverage	29.4%
Real estate	2.9%
Trading	1.4%
Finance	0.6%
Information technology	0.5%
Logistics services	0.5%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the IFC Grade A Offices and IFC Retail Mall, excluding car parks and other ancillary areas, as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

IFC Grade A Office

	Office	
Year	Percentage of rented area	Percentage of total basic monthly rentals
FY2025	24.3%	26.6%
FY2026	30.6%	30.4%
FY2027	25.2%	26.0%
FY2028	12.6%	10.7%
FY2029 and beyond	7.3%	6.3%
Total	**100.0%**	**100.0%**

IFC Retail Mall

	Retail shopping mall	
Year	Percentage of rented area	Percentage of total basic monthly rentals
FY2025	83.2%	77.9%
FY2026	7.8%	10.4%
FY2027	5.7%	7.9%
FY2028	3.0%	3.2%
FY2029 and beyond	0.3%	0.6%
Total	**100.0%**	**100.0%**

Material Agreements Relating to Guangzhou IFC

Property Management Agreement

Guangzhou IFC is managed by Yuexiu JLL pursuant to a property management agreement dated 8 January 2010 entered into between the Project Company and Yuexiu JLL, as amended by a supplementary agreement on 9 May 2012, under which Yuexiu JLL agreed to act as the property manager of Guangzhou IFC and provide overall management services in respect of the entire Guangzhou IFC for an initial term of 10 years from 1 September 2009 to 31 August 2019, which was extended for a further term of 6 years to 31 August 2025. In consideration for their property management services, Yuexiu JLL is entitled to collect a property management fee. This fee is payable by the tenants of Guangzhou IFC, rather than Yuexiu REIT.

Hotel Management Agreement and Ancillary Agreements

The Hotel is separately managed by the Hotel Manager pursuant to the Hotel Management Agreement and the Ancillary Agreements, the key terms of which are set out below:

	Parties	**Services Provided**	**Term**	**Fee**
Hotel Management Agreement	Hotel Manager Project Company	The services to be provided by the Hotel Manager, all for the account of and on behalf of Project Company, include, *inter alia*, to: (i) use all reasonable efforts consistent with a world class luxury hotel to maximise patronage of Hotel facilities and establish room, use and other rates for the Hotel consistent with a world class luxury hotel; (ii) use all reasonable efforts to collect all charges, rents and other amounts due from Hotel guests, patrons and tenants and institute summary proceedings in connection therewith; (iii) provide for the maintenance and repair of the Hotel consistent with a world class luxury hotel;	**Initial Term** From 4 August 2009 to 15 years after the opening date of the Hotel. **1st Extension** 10 years **2nd Extension** 12 years **3rd Extension** The lesser of the extended term of the land use rights certificate in accordance with the relevant law or 23 years. All extension terms are exercised at the Hotel Manager's option. The Hotel Manager shall be deemed to have exercised the option to extend unless the Hotel Manager shall have given written notice to the Project Company of the Hotel Manager's intention not to extend.	**Basic Fee** The basic fee for the services rendered by the Hotel Manager is an annual fee equal to 0.25 per cent. of the gross receipts of the Hotel for the fiscal year concerned. **Reimbursement** The Project Company shall reimburse the Hotel Manager for all costs and expenses (including consultant fees) incurred by the Hotel Manager or any of its affiliates for the performance of the services under the Hotel Management Agreement, subject to defined limits therein. If the performance of such services are not for the exclusive benefit of the Hotel (but for the Hotel and other hotels operated by the Hotel Manager), only an equitable portion of the costs and expenses associated shall be allocated to the Hotel's expense by the Hotel Manager. Reasonably detailed invoices evidencing the costs and expenses reimbursable will be required from the Hotel Manager.

	Parties	Services Provided	Term	Fee
		(iv) hire services and purchase merchandise and materials necessary for operation of the Hotel as a world class luxury hotel; (v) purchase on the credit of Project Company all furniture, fixtures and equipment pursuant to any Hotel refurbishing programme in accordance with the annual plan of the Hotel prepared for each fiscal year by the Hotel Manager; and (vi) enter into contracts (including leases for retail facilities) in connection with the operation and management of the Hotel as a world class luxury hotel and grant concessions for services customary to such an operation.		
Hotel Advisory Agreement	Four Seasons Hotels and Resorts Asia Pacific Pte Ltd ("**Advisor**") Project Company	The Advisor shall in a professional manner take all necessary actions to advise Project Company in connection with the supervision and direction of the Hotel as a world class luxury hotel, all for the account of and on behalf of Project Company. For example, and without limitation, the Advisor shall advise the Project Company as to the details of any proposed capital refurbishing programs, the training and development of personnel of the Hotel, and the adequacy of food and beverage controls in the Hotel.	Similar to Hotel Management Agreement	**Advisory Fee and Incentive Fee** The Project Company shall pay to the Advisor an advisory fee and the incentive fee. Advisory fee: 1.75 per cent. of the gross receipts of the Hotel each fiscal year. Incentive fee: 2-8 per cent. (depending on the performance of the Hotel) of the gross operating profits of the Hotel each fiscal year. **Reimbursement** Similar to the Hotel Management Agreement.
Hotel License Agreement	Four Seasons Group Project Company	Among other things, the Four Seasons Group grants to Project Company the right and the license to use certain trademarks and utilise specified intellectual properties (including certain trade secrets and copyrighted materials) solely in connection with the marketing, operation and management of the Hotel.	Similar to Hotel Management Agreement	**Royalty** Fee The Project Company shall pay to the Four Seasons Group a royalty fee. Royalty fee: 0.5 per cent. of the gross receipts of the Hotel each fiscal year. **Reimbursement** Similar to the Hotel Management Agreement.

	Parties	Services Provided	Term	Fee
Hotel Pre-opening Purchasing Services Agreement	Four Seasons Hotels Project Company	Four Seasons has agreed to provide to Project Company services with respect to the pre-opening acquisition of the furniture, fixtures and equipment required for the operation of the Hotel as a world class luxury hotel and the operating supplies including linens, glassware, tools, kitchen utensil, etc. used in the operation of the Hotel.	From 1st day of February 2007 to 3 months after the opening date of the Hotel. This agreement shall terminate on the date when the other agreements listed in this table are terminated in accordance with their terms.	**Design Advisory Fee** The Project Company shall pay to Four Seasons a personal property design advisory fee for its pre-opening personal property design advisory services of U.S.$80,000. **Purchasing Fee** The Project Company shall pay to Four Seasons a purchasing fee for pre-opening furniture, fixtures and equipment and all other operating supplies purchasing services, including organising the purchase and installation of the above. The amount payable shall be equal to 4.5 per cent. of the total cost of purchase, but in any event shall not exceed U.S.$450,000. **Invoice Processing Fee** The Project Company shall pay to Four Seasons an invoice processing fee for processing the invoices in an amount of U.S.$60,000. **Reimbursement** Similar to the Hotel Management Agreement.
Hotel Pre-opening Services Agreement	Four Seasons Project Company	Four Seasons has agreed to provide to Project Company certain services with respect to the development and construction of the Hotel, such as to review the interior design layouts of the Hotel, and certain other services with respect to the pre-opening of the Hotel, including the training of the staff and the organisation of the Hotel's operations.	From 1st day of February 2007 to 3 months after the opening date of the Hotel. This agreement shall terminate on the date when the other agreements listed in this table are terminated in accordance with their terms.	**Design and Construction Fee** The Project Company shall pay to Four Seasons a design and construction fee for its pre- opening services of U.S.$400,000. **Reimbursement** Similar to the Hotel Management Agreement.

	Parties	Services Provided	Term	Fee
Hotel Services Agreement	Four Seasons	The Four Seasons has agreed to provide to Project Company services with respect to the ongoing purchasing services of furniture, fixtures and equipment, the refurbishing (including capital improvement) and the corporate marketing, corporate sales, corporate advertising and centralised reservations for Hotel.	Similar to Hotel Management Agreement	**Centralised Reservation Service Charge** The Project Company shall pay to Four Seasons a charge relating to centralised reservation services to be provided to the Hotel by Four Seasons. The amount payable per month per hotel room shall be equal to the amount charged to other hotels managed by Four Seasons. **Centralised Purchasing Charge** The Project Company shall pay to Four Seasons a purchasing fee for its on-going furniture, fixtures and equipment and all other operating supplies purchasing services. The amount payable shall be the same as that generally charged to other hotels managed by Four Seasons, which is currently 7.5 per cent. of the total cost of purchase. **Refurbishing Fee** The Project Company shall pay to Four Seasons a fee in relation to hotel refurbishing services provided by Four Seasons. The amount payable shall be based on the scope of Four Seasons' involvement. Corporate sales and marketing charges and corporate advertising charge: The Project Company shall pay to Four Seasons an advance corporate sales and marketing charge in a specified amount for corporate sales and marketing services rendered by Four Seasons prior to the opening date of the Hotel.

	Parties	Services Provided	Term	Fee
Hotel Services Agreement	Four Seasons			The Project Company shall pay to Four Seasons, commencing on the opening date of the Hotel, a corporate sales and marketing charge equal to 0.87 per cent. of the budgeted gross receipts of the Hotel each fiscal year for corporate sales and marketing services rendered by Four Seasons after the opening date of the Hotel. The Project Company shall pay to Four Seasons a corporate advertising charge equal to 0.6 per cent. of the budgeted gross receipts of the Hotel each fiscal year for supervision and development and placement of all corporate advertising commencing on the opening date of the Hotel. **Reimbursement** Similar to the Hotel Management Agreement.

Serviced Apartments Management Agreement

Similar to the Hotel, the Serviced Apartments are separately managed by the Serviced Apartments Manager pursuant to the Serviced Apartments Management Agreement the key terms of which are set out below:

	Parties	Services Provided	Term	Fee
Serviced Apartments Management Agreement	Serviced Apartments Manager Project Company	The services to be provided by the Serviced Apartments Manager include, *inter alia*, to: (i) establish tenancy rates and policies and control all expenses and charges incurred; (ii) negotiate and enter into rental agreements with tenants and issue bills; (iii) collect rentals and other amounts due and take action (including eviction and commencing proceedings) against such parties when required; (iv) market the Serviced Apartments consistent with its image and branding and increase the brand's popularity; (v) maintain and repair the furniture, fixtures and facilities (including structural integrity) of the Serviced Apartments to its most optimum condition; (vi) purchase merchandise and materials required for the Serviced Apartments' operation; (vii) negotiate and enter into any leasing, licensing or service agreements relating to the common spaces of the Serviced Apartments (including retail leases and security arrangements);	From 2 August 2010 to 10 years from the opening date of the Serviced Apartments **1st Extension** 10 years Either party to this agreement has the right to exercise the option to extend this agreement for 10 years. The terms of the extended agreement shall be determined by mutual agreement of the parties. This option to extend may only be exercised once.	The fees payable by Project Company to the Serviced Apartments Manager are as follows. **Basic Management Fee** A basic management fee, equal to 2 per cent. of total operating income for each month, is payable monthly within 20 working days from the date of the monthly statement of operations. **GOP Commission** A commission of an amount equal to between 3 per cent. and 6 per cent. of the gross operating profit (depending on its size) of the Serviced Apartments for each quarter, is payable on a quarterly basis within 20 working days from the date of the quarterly statement of operations. **Other Fees** A global marketing fee for the Serviced Apartments, equal to 0.5 per cent. of the total operating income for each month, is payable monthly. A fee charged for the information technology systems provided to operate and manage the Serviced Apartments. This fee is charged based on a formula of RMB190 per room and is payable by Project Company monthly.

Parties	Services Provided	Term	Fee
	(viii) prepare the Serviced Apartments annual plan and budget for each fiscal year and provide Project Company with financial and operational information when requested; and (ix) assist in obtaining and maintaining the necessary permits and special permissions as required by law, including issues relating to public safety.		**Reimbursement of Costs** The Serviced Apartments Manager may be reimbursed for the following costs: (i) reasonable expenses of personnel sent by the Serviced Apartments Manager to the Serviced Apartments for special events; (ii) reasonable actual expenditure incurred by the Serviced Apartments Manager for the Serviced Apartments' operation; (iii) third party payments by the Serviced Apartments Manager or its affiliates for products or services required for the Serviced Apartments' operation, or for expenses usually borne by Project Company; (iv) any other payments provided under the Serviced Apartments annual plan and budget, the Serviced Apartments Management Agreement or as approved by Project Company from time to time; and (v) all tax or related tax assessments for the expenses reimbursable above.

Tenancy Services Agreement

The REIT Manager and the Project Company entered into tenancy services agreements in 2012 and 2016, respectively, with the IFC Operating Company, pursuant to which the IFC Operating Company agreed to provide tenancy services to the tenants of the IFC Grade A Offices and the IFC Retail Mall, respectively. The consideration for such services is generally an annual leasing agents' fee of approximate 3 per cent. of the gross annual rentals that are charted for the IFC Grade A Offices and the IFC Retail Mall. These tenancy services agreements expired in 2015, thereafter, they have been renewed from time to time.

Tenancy Agreements

The tenancy agreements entered into for Guangzhou IFC are generally for terms ranging from three to five years, depending on factors such as unit size, the expiry and tenant profile of Guangzhou IFC. Longer lease terms are sometimes granted for larger premises or where it is necessary for the operation of a tenant, e.g., the lease term for Bank of China Guangzhou Yuexiu Sub-branch is 10 years, and the lease term for Guangzhou Friendship Store Group Co., Ltd. is 15 years. Most tenancies have fixed terms, but in some tenancy agreements, the tenants and the landlord have agreed on an optional term apart from the fixed term, and in a few exceptional cases the parties have agreed on a cap for the rental increase rate within the optional term at the same time in accordance with the market conditions for commercial office premises.

At the time of entering into a tenancy, the tenants of Guangzhou IFC are required to provide a security deposit, which is generally not more than three months' rent. Security deposits do not bear interest. Most of the tenants are required to pay their rents on or before the fifth day of each month. Consistent with market practice, rent-free periods, which vary depending on market conditions at the time of negotiation, lease terms and lease areas, are commonly granted to the tenants by the landlord.

Under the tenancy agreements for Guangzhou IFC, the tenants are responsible for payment of building management fees, utilities and other outgoings. The tenants are also responsible for repair costs and all other expenses relating to the interior of the premises, while the landlord is responsible for repair costs relating to the main building structure. In the event that the premises or any part of it is rendered unfit for use by fire, typhoon or other force majeure events other than as a result of the negligence or fault of the tenants, according to most of the tenancy agreements, the landlord may adjust the rent taking into consideration specific circumstances until the premises have been repaired or rebuilt. The tenants are not permitted to assign or sublet the premises, unless it is expressly agreed in the tenancy agreements that they may assign or sublet the leased property to affiliated enterprises of the tenants or third parties after the landlord's consent is given.

The majority of the tenancy agreements for Guangzhou IFC do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises have defects which render the premises unusable and the circumstances are serious. If a tenant unilaterally terminates the tenancy agreement for reasons other than the ones mentioned above without the landlord's consent, the tenant shall compensate the landlord for any losses the latter has suffered and the security deposit paid by such tenant will not be refunded. In addition, the landlord has the right to terminate a tenancy upon the occurrence of certain events, such as delay in rental payment or breach of covenants by the tenant.

White Horse Property

Overview

White Horse Building is a multi-storey commercial building with eight levels above ground, a lower ground level and a basement comprising a carpark. It is located at No. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou, PRC. In connection with its initial public offering, Yuexiu REIT acquired its stake in the White Horse Building on 7 December 2005, which comprises the 2nd to 9th floors of the White Horse Building as well as nine strata units in part of the lower ground level (the "**White Horse Property**").

The White Horse Property represents approximately 81.4 per cent. of the GFA of White Horse Building, with the remaining GFA being owned by a subsidiary of Yuexiu Property (as to approximately 9.2 per cent.) and an Independent Third Party (as to approximately 9.4 per cent.). The White Horse Property was valued at RMB4,815 million as at the Valuation Reference Date by the Independent Property Valuer.

Net property income attributable to the White Horse Property amounted to RMB154.3 million and RMB175.2 million for the years ended 31 December 2023 and 2024, respectively.

White Horse Building is considered a key domestic and international retail wholesale centre, serving as an important apparel gateway for the rest of China. It is considered a key incubator of new Chinese fashion brands. In recognition of its role in the apparel industry, White Horse Building has won several awards and recognitions, including winning multiple times the "Top 10 National Apparel Wholesale Market" award, the "Incubation Base of China Fashion Brands", the "National Civilised Market" and the "Product Development and Promotion Award". To enhance its brand name and influence in the industry, White Horse Building has hosted various banquets such as "CHIC", "Guangzhou International Apparel Festival" and "Xinjiang Apparel Festival", which were well-received by market players and tenants. In addition, the REIT Manager has established a detailed management system, including tenants/brands access and client rating and classification management. Such activities and management system are expected to enable White Horse Property to optimise the client resources and enhance the property value overall.

Certain Key Information

The table below sets out certain key information on the White Horse Property as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)		50,199.3
Gross rentable area (*sq.m.*)		50,128.9[1]
Property occupancy rate		97.1%
Year of completion		1990
Term of land use rights	Wholesale/retail	40 years
(Commencement date: 7 June 2005)	Office/warehouse	50 years
Number of tenancy agreements		869

[1] *Excluding 70.4 sq.m. of common facilities area*

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
1. Fu Xiaohong	0.9%	1.1%
2. Li Tie	0.7%	1.0%
3. Guo Shuying	0.5%	0.8%
4. Li Xinyou	0.6%	0.8%
5. Chen Li	0.8%	0.7%
6. Xue Mei	0.5%	0.7%
7. Wu Wei	0.5%	0.7%
8. Shuang Xiumei	0.5%	0.7%
9. Gong Xinyun	0.6%	0.7%
10. Li Baodong	0.4%	0.7%
Total	**5.8%**	**7.7%**

Tenancy Mix

The following table sets forth the mix of tenants of the White Horse Property, by their geographic area, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Geographic Area of Tenant	Gross Rented Area by geographic area of tenants
Guangdong, Hong Kong and Macao	48.5%
Jiangsu, Zhejiang and Shanghai	11.6%
Fujian	9.4%
Jilin, Heilongjiang and Liaoning	7.6%
Hunan and Hubei	7.3%
Sichuan and Chongqing	3.8%
Jiangxi	2.2%
Others	9.5%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the White Horse Property as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Year	Percentage of rented area	Percentage of total basic monthly rentals
FY2025	5.1%	6.1%
FY2026	41.3%	29.4%
FY2027	30.0%	32.9%
FY2028	23.2%	31.5%
FY2029 and beyond	0.4%	0.1%
Total	**100%**	**100%**

Material Agreements Relating to White Horse Property

Property Management Agreement

Partat Investment Limited (being the direct holder of the White Horse Property) and White Horse JV (the owner of the car park in the White Horse Property) entered into a property management agreement with the White Horse Building Management Company on 1 January 2014, pursuant to which the White Horse Building Management Company will provide property management services (including, among other things, repair, maintenance, clearing and security services) for a term of three years. A property management fee is charged to and payable by the tenants on a monthly basis. The property management agreement expired in 2017, thereafter, it has been renewed from time to time.

Tenancy Services Agreement

The REIT Manager and Partat Investment Limited entered into a tenancy services agreement on 31 December 2010 with the White Horse Building Management Company, pursuant to which the White Horse Building Management Company agreed to provide leasing, marketing and tenancy management services to the tenants of the White Horse Property for a term of three years and as consideration for such services, an annual leasing agents' fee of approximate 3 per cent. of the gross annual rental for the White Horse Property is charged. The tenancy services agreement expired in 2024, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements entered into for the White Horse Property are generally for terms ranging from one year to five years. Typical tenancy agreements provide tenants with a right of first refusal to renew the tenancy agreement upon the expiry of the original lease term if the existing tenant is willing to match the same lease terms (including rental rates) as a prospective new tenant, subject to the tenant giving prior notice of its intention to renew to the landlord and on the condition that a tenant has not defaulted under its tenancy agreement.

Rental rates are subject to review and negotiation on renewal of leases. Typical tenancy agreements provide for annual rent revision. At the time of entering into a lease, tenants generally pay a security deposit in cash of an amount equal to two or three months' rent. Security deposits do not bear interest. Generally, tenants are required to pay their monthly rent in advance.

Typical tenancy agreements provide that a tenant can terminate its lease before the expiry of the lease term by submitting a written application to the landlord at least one month prior to the proposed termination date and obtaining the consent of the landlord for such early termination.

Fortune Plaza Property

Overview

Fortune Plaza is a mixed-use Grade A commercial building consisting of a podium with two tower blocks above a six-storey podium and two levels of underground car parks located at 114, 116 and 118 Ti Yu Dong Road, Guangzhou, the PRC. In connection with its initial public offering, Yuexiu REIT acquired its stake in Fortune Plaza on 7 December 2005, which comprises 35 strata units in the West tower, 43 strata units in the East tower and five strata units in the six-storey podium of Fortune Plaza (the "**Fortune Plaza Property**"). On 19 November 2019, Yuexiu REIT further acquired 110 carpark spaces located at Fortune Plaza Property. The Fortune Plaza Property was valued at RMB1,240 million as at the Valuation Reference Date by the Independent Property Valuer.

The Fortune Plaza Property represents approximately 51.9 per cent. of the GFA of Fortune Plaza, with the remaining GFA being owned by a subsidiary of Yuexiu Property (as to approximately 12.8 per cent.) and an Independent Third Party (as to approximately 35.3 per cent.). Net property income attributable to the Fortune Plaza Property amounted to RMB64.7 million and RMB63.9 million for the years ended 31 December 2023 and 2024, respectively. The REIT Manager continues to seek to increase the rental rates through various measures, such as improving its negotiating abilities as well as the property delivery standards.

Certain Key Information

The table below sets out certain key information on the Fortune Plaza Property as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)		42,763.5
Gross rentable area (*sq.m.*)		41,355.2[(1)]
Property occupancy rate		92.4%
Year of completion		2003
Term of land use rights	Podium, 1st to 5th floor	40 years
(Commencement date: 26 November 2002)	West tower, 8th to 19th, 24th floors, carpark	50 years
Number of tenancy agreements		112

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(1) *Excluding 1,408.3 sq.m. of parking space*

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
Guangzhou Friendship Baleno Company Limited	11.2%	11.2%
Guangdong AEON Teem CO., Ltd.	5.9%	4.7%
Guangdong Development Banking Co., Ltd. Guangzhou Branch	1.7%	3.9%
SMH Watch Service Center Co., Ltd.	2.6%	3.0%
COSCO Shipping Logistics (Guangzhou) Co., Ltd.	2.6%	2.8%
Guangzhou Yueguan Intelligent Technology Co., Ltd. (廣州市悦冠智能科技有限公司)	2.6%	2.8%
CITS American Express Southern Air Services Ltd.	2.6%	2.6%
Guangzhou Kaider Wood Industry Co., Ltd.	2.6%	2.5%
Cyril Human Resources	2.8%	2.4%
Guangzhou Master Meditech Co., Ltd.	2.6%	2.4%
Total	**37.3%**	**38.2%**

Tenancy Mix

The following table sets forth the mix of tenants of the Fortune Plaza Property, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Industry Sector	Gross Rented Area by industry of tenants
Commercial Services	64.8%
Finance	12.0%
Information Technology	11.0%
Manufacturing	5.0%
Logistics Services	4.0%
Food and Beverage Services	2.0%
Real Estate	0.6%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the Fortune Plaza Property as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Year	Percentage of rented area	Percentage of total basic monthly rentals
FY2025	28.7%	29.6%
FY2026	19.5%	21.8%
FY2027	30.9%	27.7%
FY2028	10.3%	9.8%
FY2029 and beyond	10.6%	11.1%
Total	**100%**	**100%**

Material Agreements Relating to Fortune Plaza

Property Management Agreement

The owners' committee of Fortune Plaza entered into a property management agreement with Yicheng on 31 December 2013, pursuant to which Yicheng will provide property management services (including, among other things, repair, maintenance, clearing and security services) for a term of three years. The property management fee is charged to and payable by the tenants on a monthly basis. The property management agreement expired in 2014, thereafter, it has been renewed from time to time.

Tenancy Services Agreement

The REIT Manager and MOON KING LIMITED (being the direct holder of the Fortune Plaza Property) entered into a tenancy services agreement on 31 December 2010 with Yicheng, pursuant to which Yicheng agreed to provide leasing, marketing and tenancy management services to the tenants of the Fortune Plaza Property for a term of three years and as consideration for such services, an annual leasing agents' fee of approximate 4 per cent. of the gross annual rental for the Fortune Plaza Property is charged. The tenancy services agreement expired in 2013, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements entered into for the Fortune Plaza Property are generally for terms ranging from one to five years. Some tenancy agreements provide tenants with a right of first refusal to renew the tenancy agreement upon the expiry of the original lease term if the existing tenant is willing to match the same lease terms (including rental rates) as a prospective new tenant, subject to the tenant giving prior notice of its intention to renew to the landlord and on the condition that a tenant has not defaulted under its tenancy agreement.

Rental rates are subject to review and negotiation on renewal of leases. At the time of entering into a lease, tenants generally pay a security deposit in cash of an amount equal to two or three months' rent. Security deposits do not bear interest. Generally, tenants are required to pay their monthly rent in advance.

Typical tenancy agreements for the Fortune Plaza Property do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises have defects which render the premises unusable and the circumstances are serious. If a tenant unilaterally terminates the tenancy agreement for reasons other than the ones mentioned above without the landlord's consent, the tenant shall compensate the landlord for any losses the latter has suffered and the security deposit paid by such tenant will not be refunded. In addition, the landlord has the right to terminate a tenancy upon the occurrence of certain events, such as delay in rental payment or breach of covenants by the tenant.

City Development Plaza Property

Overview

The City Development Plaza Property (the "**City Development Plaza Property**") is a 28-storey mixed-use Grade A commercial building consisting of a single tower block above a five-story podium and two levels of underground car parks located at No. 185, 187 and 189 Ti Yu Xi Road, Tianhe District, Guangzhou, PRC. In connection with its initial public offering, Yuexiu REIT acquired its stake in City Development Plaza ("**City Development Plaza**") on 7 December 2005, which comprises six strata units in the first three storeys of a five-storey podium as well as 159 strata units in the single tower block of City Development Plaza. On 19 November 2019, Yuexiu REIT further acquired 179 underground carpark spaces located at the City Development Plaza Property. The City Development Plaza Property was valued at RMB1,022 million as at the Valuation Reference Date by the Independent Property Valuer.

The City Development Plaza Property represents 62.1 per cent. of the GFA of City Development Plaza, with the remaining GFA being owned by a subsidiary of Yuexiu Property (as to approximately 15.0 per cent.) and an Independent Third Party (as to approximately 22.9 per cent.). Net property income attributable to the City Development Plaza Property amounted to RMB60.2 million and RMB59.1 million for the years ended 31 December 2023 and 2024, respectively.

Certain Key Information

The table below sets out certain key information on the City Development Plaza Property as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)		44,501.7
Gross rentable area (*sq.m.*)		42,397.4 [(1)]
Property occupancy rate		92.7%
Year of completion		1997
Term of land use rights	1st to 3rd floors	40 years
(Commencement date: 26 November 2022) . . .	6th to 11th, 16th to 28th floors, carpark	50 years
Number of tenancy agreements		82

[(1)] *Excluding 2,104.3 sq.m. of parking space*

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
Yuexiu Group and its subsidiaries	14.1%	14.6%
Guangzhou Wisevalley Development Co., Ltd.	20.8%	14.5%
Shanghai Pudong Development Bank, Guangzhou Branch	4.0%	12.9%
Trueland Information Technology (Guangzhou) Co., Ltd.	4.0%	3.5%
Shenzhen Jinwen Network Technology Co., Ltd.	4.1%	3.0%
General Mills Trading (Shanghai) Co., Ltd.	2.5%	2.5%
Overseas Group	2.7%	2.2%
Wangsu Science & Technology Co., Ltd. Guangzhou Branch	2.2%	2.0%
Zaihui (Shanghai) Network Technology Co., Ltd.	2.5%	1.9%
China Merchants Renhe Life Insurance Co., Ltd.	2.4%	1.8%
Total	**59.1%**	**58.9%**

The following table sets forth the mix of tenants of the City Development Plaza Property, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Industry Sector	Gross Rented Area by industry of tenants
Commercial Services	49.9%
Information Technology	14.2%
Finance	23.0%
Real Estate	8.7%
Manufacturing	2.5%
Food and Beverage Services	0.7%
Logistics Services	0.6%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the City Development Plaza Property as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Year	Percentage of rented area	Percentage of total basic monthly rentals
FY2025	18.4%	26.6%
FY2026	33.0%	30.6%
FY2027	23.4%	21.6%
FY2028	9.9%	10.5%
FY2029 and beyond	15.3%	10.7%
Total	**100%**	**100%**

Material Agreements Relating to City Development Plaza Property

Property Management Agreement

The owners' committee of City Development Plaza Property entered into a property management agreement with Yicheng on 12 July 2013, pursuant to which Yicheng will provide property management services (including, among other things, repair, maintenance, clearing and security services) for a term of three years. The property management fee is charged to and payable by the tenants on a monthly basis. The property management agreement expired in 2016, thereafter, it has been renewed from time to time.

Tenancy Services Agreement

The REIT Manager and Full Estates Investment Limited (being the direct holder of the City Development Plaza Property) entered into a tenancy services agreement on 31 December 2010 with Yicheng, pursuant to which Yicheng agreed to provide leasing, marketing and tenancy management services to the tenants of the City Development Plaza Property for a term of three years and as consideration for such services, an annual leasing agents' fee of approximate 4 per cent. of the gross annual rental for the City Development Plaza Property is charged. The tenancy services agreement expired in 2013, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements entered into for the City Development Plaza Property are generally for terms ranging from two to five years. Typical tenancy agreements provide tenants with a right of first refusal to renew the tenancy agreement upon the expiry of the original lease term if the existing tenant is willing to match the same lease terms (including rental rates) as a prospective new tenant, subject to the tenant giving prior notice of its intention to renew to the landlord and on the condition that a tenant has not defaulted under its tenancy agreement.

Rental rates are subject to review and negotiation on renewal of leases. At the time of entering into a lease, tenants generally pay a security deposit in cash of an amount equal to two or three months' rent. Security deposits do not bear interest. Generally, tenants are required to pay their monthly rent in advance.

Typical tenancy agreements for the City Development Plaza Property do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises have defects which render the premises unusable and the circumstances are serious. If a tenant unilaterally terminates the tenancy agreement for reasons other than the ones mentioned above without the landlord's consent, the tenant shall compensate the landlord for any losses the latter has suffered and the security deposit paid by such tenant will not be refunded. In addition, the landlord has the right to terminate a tenancy upon the occurrence of certain events, such as delay in rental payment or breach of covenants by the tenant.

Victory Plaza Property

Overview

Victory Plaza is an integrated office and retail complex with four levels of underground car parks located at No. 101 Ti Yu Xi Road, Tianhe District, Guangzhou, PRC. In connection with its initial public offering, Yuexiu REIT acquired its stake in Victory Plaza on 7 December 2005, which comprises six levels above ground in the podium and the basement retail space in the first phase of Victory Plaza (the "**Victory Plaza Property**").

The Victory Plaza Property represents approximately 52.7 per cent. of the GFA of the first phase of Victory Plaza (comprising the integrated office and retail complex with four levels of underground car parks), with the remaining GFA of the first phase of Victory Plaza being owned by a subsidiary of Yuexiu Property (as to approximately 47.3 per cent.). The Victory Plaza Property was valued at RMB959 million as at the Valuation Reference Date by the Independent Property Valuer.

Net property income attributable to the Victory Plaza Property amounted to RMB63.1 million and RMB63.0 million for the years ended 31 December 2023 and 2024, respectively.

Certain Key Information

The table below sets out certain key information on the Victory Plaza Property as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)	27,698.1
Gross rentable area (*sq.m.*)	27,262.3 [1]
Property occupancy rate	96.6%
Year of completion	2003
Term of land use rights	40 years
(Commencement date: 8 March 2004)	
Number of tenancy agreements	28

[1] Excluding 435.9 sq.m. of common facilities area

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
Fast Retailing (China) Trading Co., Ltd. Victory Plaza Shop	40.7%	36.3%
GU Shanghai Trading Co., Ltd. Guangzhou Ti Yu West Road Shop	5.6%	9.9%
China Merchants Bank Co., Ltd. Guangzhou Branch	3.0%	8.6%
Industrial and Commercial Bank of China Limited, Guangzhou Dezheng Zhong Road Sub-branch	1.6%	7.0%
Guangdong Sanyuan McDonald's Food Company Limited	5.0%	6.4%
J.M. Developments (Limited Partnership)	10.2%	4.7%
Guangzhou Junxing Western Restaurant Limited (廣州駿興西餐廳有限公司)	4.2%	2.5%
Guangdong Starbucks Coffee Co., Ltd.	1.5%	2.3%
Guangzhou Xin Ying Dong Education Consultancy Co., Ltd.	2.8%	2.3%
Guangzhou Wuyue Catering Management Services Co., Ltd. (廣州市吳越餐飲管理服務有限公司)	2.9%	2.2%
Total	**77.6%**	**82.1%**

Tenancy Mix

The following table sets forth the mix of tenants of the Victory Plaza Property, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Industry Sector	**Gross Rented Area by industry of tenants**
Commercial Services	52.7%
Food and Beverage Services	31.7%
Finance	15.6%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the Victory Plaza Property as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Year	**Percentage of rented area**	**Percentage of total basic monthly rentals**
FY2025	10.2%	13.0%
FY2026	6.7%	5.3%
FY2027	47.9%	54.7%
FY2028	21.8%	12.5%
FY2029 and beyond	13.4%	14.5%
Total	**100%**	**100%**

Material Agreements Relating to Victory Plaza Property

Property Management Agreement

Keen Ocean Limited (being the direct holder of the Victory Plaza Property) and GCCD (the owner of the car park in Victory Plaza) entered into a property management agreement with Yicheng on 7 December 2005, pursuant to which Yicheng will provide property management services (including, among other things, repair, maintenance, clearing and security services), and has remained and will remain effective until the owners' committee is established. The property management fee is charged to and payable by the tenants on a monthly basis.

Tenancy Services Agreement

The REIT Manager and Keen Ocean Limited entered into a tenancy services agreement on 31 December 2010 with Yicheng, pursuant to which Yicheng agreed to provide leasing, marketing and tenancy management services to the tenants of the Victory Plaza Property for a term of three years and as consideration for such services, an annual leasing agents' fee of approximate 4 per cent. of the gross annual rental for the Victory Plaza Property is charged. The tenancy services agreement expired in 2013, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements entered into for the Victory Plaza Property are generally for terms ranging from one year to ten years. Typical tenancy agreements provide tenants with a right of first refusal to renew the tenancy agreement upon the expiry of the original lease term if the existing tenant is willing to match the same lease terms (including rental rates) as a prospective new tenant, subject to the tenant giving prior notice of its intention to renew to the landlord and on the condition that a tenant has not defaulted under its tenancy agreement.

Rental rates are subject to review and negotiation on renewal of leases. At the time of entering into a lease, tenants generally pay a security deposit in cash of an amount equal to two or three months' rent. Security deposits do not bear interest. Generally, tenants are required to pay their monthly rent in advance.

Typical tenancy agreements for the Victory Plaza Property do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises have defects which render the premises unusable and the circumstances are serious. If a tenant unilaterally terminates the tenancy agreement for reasons other than the ones mentioned above without the landlord's consent, the tenant shall compensate the landlord for any losses the latter has suffered and the security deposit paid by such tenant will not be refunded. In addition, the landlord has the right to terminate a tenancy upon the occurrence of certain events, such as delay in rental payment or breach of covenants by the tenant.

Yuexiu Financial Tower

Yuexiu Financial Tower is an international Grade A office building located in the core area of Zhujiang New Town, the core CBD of Guangzhou (the "**Yuexiu Financial Tower**"). It is on the axis of Zhujiang New Town with Guangzhou IFC. The straight-line distance between the two buildings is only 700 metres, both of which are among the top ten skyscrapers in Guangzhou. With convenient transportation, it is within walking distance of Zhujiang New Town Station, and 200 metres from Xiancun Station.

The property has won several awards, including American Green Building LEED V4 Standard Platinum Level Certification (美國綠色建築LEED EBOM V4鉑金級認證), American Green Building WELL V2 Platinum Precertification (美國綠色建築WELL V2鉑金級預認證) and China Construction Engineering Luban Prize (National Prime-quality Project) (中國建設工程魯班獎(國家優質工程)), the latter of which represents the highest honor in construction quality of China. It is widely recognised for its outstanding design, quality and infrastructure. In 2021, it won "Best Practice Award for Operation Management • Green Building" (運營管理最佳實踐獎•綠色建築), "Super Grade A Office Buildings" (超甲級商務寫字樓), "New Landmark of China's Building Economy" (中國樓宇經濟新地標), "Commercial Property Value Performance Award" (商辦物業價值表現獎), and "Excellent Green Project" (優秀綠色項目).

Yuexiu Financial Tower was completed in August 2015, with a building height of approximately 309 metres and 68 floors (including a 4-storey retail component and a 64-storey office component), with a total GFA of 210,282.9 sq.m..

Yuexiu Financial Tower was valued at RMB8,284 million as at the Valuation Reference Date by the Independent Property Valuer. Net property income attributable to Yuexiu Financial Tower amounted to RMB302.3 million for the year ended 31 December 2024.

Certain Key Information

The table below sets out certain key information on Yuexiu Financial Tower as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)		210,282.9
Gross rentable area (*sq.m.*)		170,196.8[(1)]
Property occupancy rate		83.7%
Year of completion		2015
Term of land use rights	Office and carpark	50 years
(Commencement date: 16 April 2007)	Retail	40 years
Number of tenancy agreements		191

(1) Excluding 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	**% of Total Gross Rented Area**	**% of Total Monthly Rentals**
Yuexiu Group and its subsidiaries	20.7%	25.9%
Liweishi (Guangzhou) Business Information Consulting Co., Ltd.	5.3%	6.7%
Guangzhou Wanglaoji Health Industry Co., Ltd.	3.6%	3.8%
E Fund Management Co., Ltd.	3.8%	3.8%
MeadJohnson Nutrition (China) Co., Ltd.	4.2%	3.7%
Guangzhou Intelligence Communication Technology CO., Ltd.	4.1%	3.5%
Kaiyue Hotel Consulting Service (Guangzhou) Co., Ltd.	3.3%	2.9%
Deloitte & Touche LLP and its affiliates	3.7%	2.5%
Everbright Group	2.1%	2.2%
Zhongxing Telecommunication Equipment Corporation	2.5%	2.0%
Total	**53.3%**	**57.0%**

Tenancy Mix

The following table sets forth the mix of tenants of Yuexiu Financial Tower, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Industry Sector	**Gross Rented Area by industry of tenants**
Finance	34.9%
Commercial Services	29.7%
Information Technology	13.4%
Manufacturing	6.3%
Real Estate	12.2%
Logistics Services	1.7%
Culture, Sports and Entertainment	1.1%
Trading	0.5%
Food and Beverage Servies	0.2%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of Yuexiu Financial Tower as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Year	**Percentage of rented area**	**Percentage of total basic monthly rentals**
FY2025	29.2%	28.8%
FY2026	26.1%	27.7%
FY2027	18.0%	18.6%
FY2028	7.7%	6.5%
FY2029 and beyond	19.0%	18.4%
Total	**100%**	**100%**

Material Agreements Relating to Yuexiu Financial Tower

Property Management Agreement

Guangzhou Jiayao Real Estate Limited (廣州佳耀置業有限公司), Guangzhou Yuyao Real Estate Limited (廣州譽耀置業有限公司), Guangzhou Jingyao Real Estate Limited (廣州景耀置業有限公司) and Guangzhou Jinyao Real Estate Limited Guangzhou (廣州晉耀置業有限公司) (being the direct owners of Yuexiu Financial Tower, collectively, the "**Yuexiu Financial Tower Property Companies**") and Yuexiu JLL entered into a property management agreement pursuant to which Yuexiu JLL agreed to act as the property manager of Yuexiu Financial Tower and provide overall management services for a term of three years from 1 August 2020 to 31 July 2023 (the "**Yuexiu Financial Tower Management Agreement**"). In consideration for their property management services, Yuexiu JLL is entitled to collect a property management fee.

The services provided by Yuexiu JLL under the Yuexiu Financial Tower Management Agreement include, among other things, upkeep, repair and maintenance services of the common areas and facilities of Yuexiu Financial Tower, monitoring and security services, obtaining the relevant insurances required for Yuexiu Financial Tower, drawing up a user manual and establishing local rules for Yuexiu Financial Tower (which is subject to the approval of the Yuexiu Financial Tower Property Companies), as well as producing annual property management plans (for the review and approval by the Yuexiu Financial Tower Property Companies). Yuexiu JLL may appoint specialised service providers to carry out specialised property management functions but may not delegate the whole of its property management responsibilities under the Yuexiu Financial Tower Management Agreement to another entity.

Tenancy Services Agreement

Yuexiu Financial Tower Property Companies entered into a tenancy services agreement on 24 October 2021 with Yicheng, pursuant to which Yicheng agreed to supervise, maintain and market Yuexiu Financial Tower. As consideration for such services, an annual leasing agents' fee of approximate 3 per cent. of the gross annual revenue from Yuexiu Financial Tower is charged. The tenancy services agreement expired in 2024, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements for Yuexiu Financial Tower are generally for terms ranging from two to five years, depending on factors such as the expiry and tenant profile of Yuexiu Financial Tower. Most tenancies have fixed terms, but in some tenancy agreements the tenants and the landlord have agreed on an optional term for renewal apart from the fixed term, and in a few exceptional cases the parties have agreed on a cap for the rental increase rate within the optional term at the same time, in which case, the rental increase shall be re-determined through negotiation between both parties in accordance with the market conditions for commercial office premises.

At the time of entering into a tenancy, the tenants of the Yuexiu Financial Tower are required to provide a security deposit, which is generally the aggregate of not more than three months' rent and management fees. Security deposits do not bear interest. Most of the tenants are required to pay their rents before the fifth day of each month. Consistent with market practice, rent-free periods, which vary depending on market conditions at the time of negotiation, lease terms and lease areas, are commonly granted to the tenants by the landlord.

Under the tenancy agreements, the tenants are responsible for payment of building management fees, utilities and other outgoings. The tenants are also responsible for repair costs and all other expenses relating to the interior of the premises, while the landlord is responsible for repair costs relating to the main building structure.

The majority of the tenancy agreements do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises have defects which render the premises unusable and the circumstances are serious. If a tenant unilaterally terminates the tenancy agreement for reasons other than the ones mentioned above without the landlord's consent, the tenant shall compensate the landlord for any losses the latter has suffered therefrom and pay to the landlord an amount equivalent to three months' rental and management fees as liquidated damages. The landlord is entitled to forfeit all the security deposit paid and all the rental prepaid by such tenant to offset the liquidated damages and losses. In addition, the landlord has the right to terminate a tenancy upon the occurrence of certain events, such as delay in rental payment or breach of covenants by the tenant.

Shanghai Yue Xiu Tower

Overview

Yue Xiu Tower (formerly known as "Hongjia Tower") comprises a 25-storey (plus two-level basement) Grade A office building with a retail portion and car parking spaces with a total gross floor area of 62,139.35 sq.m. located at 388 Fushan Road, Pudong New District, Shanghai Municipality, the PRC ("**Shanghai Yue Xiu Tower**").

Yuexiu REIT acquired the Hongjia Tower (now known as "Yue Xiu Tower") from an independent third party on 31 August 2015. The Hongjia Tower was renamed as "Yue Xiu Tower" in 2016. Yuexiu REIT owns 100 per cent. interest in the Shanghai Yue Xiu Tower. The Shanghai Yue Xiu Tower was valued at RMB2,918 million as at the Valuation Reference Date by the Independent Property Valuer.

Net property income attributable to the Shanghai Yue Xiu Tower amount to RMB95.1 million and RMB88.4 million for the years ended 31 December 2023 and 2024, respectively.

The Shanghai Yue Xiu Tower is strategically located in the Zhuyuan CBD of Pudong, Shanghai, two kilometres away from the Little Lujiazui Finance and Trade Zone, and is surrounded by a vast amount of retail and supporting facilities such as banks, convenience stores and restaurants. Zhuyuan, located in the Shanghai Pilot Free Trade Zone, serves as an extension of Shanghai's financial district and hosts key financial exchanges including Shanghai Futures Exchange, Shanghai Diamond Exchange and the Shanghai Stock Exchange as well as the China Securities Depository and Clearing Corporation. As such, the Shanghai Yue Xiu Tower has attracted many financial enterprises as tenants.

Certain Key Information

The table below sets out certain key information on Shanghai Yue Xiu Tower as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)		62,139.4
Gross rentable area (*sq.m.*)		46,026.3 [1]
Property occupancy rate		89.5%
Year of completion		September 2010
Term of land use rights		
(Commencement date: 16 April 2007)	Retail and office	50 years
Number of tenancy agreements		118

(1) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
Yuexiu Group and its subsidiaries	14.8%	17.0%
Shanghai Zhengjia Clinical of TCM	3.1%	5.2%
Shanghai Xin Gong Investment Management Co., Ltd. and its affiliates	4.4%	4.9%
Hongta Group and its subsidiaries	5.2%	4.4%
Shanghai Nabtesco Business Management Co., Ltd.	3.2%	3.2%
Shanghai Shengbin Medical Consulting Service Co.,Ltd.	2.2%	2.8%
Sulzer Pumps Wastewater Shanghai Co., Ltd.	1.9%	2.0%
Sixiangjia Financial Leasing (Shanghai) Co., Ltd.	1.1%	2.0%
Access World (Shanghai) Logistics Co., Ltd.	1.8%	1.9%
Huatai Securities Co., Ltd.	1.8%	1.5%
Total	**39.6%**	**44.9%**

Tenancy Mix

The following table sets forth the mix of tenants of Shanghai Yue Xiu Tower, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Industry Sector	Gross Rented Area by industry of tenants
Finance	45.3%
Commercial Services	29.9%
Manufacturing	9.8%
Culture, Sports and Entertainment	1.6%
Information Technology	3.4%
Real Estate	3.6%
Trading	2.1%
Logistics Services	1.9%
Food and Beverage Services	2.4%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the retail space at Shanghai Yue Xiu Tower as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Year	Percentage of rented area	Percentage of total basic monthly rentals
FY2025	39.2%	38.9%
FY2026	23.5%	24.5%
FY2027	26.8%	27.0%
FY2028	3.4%	3.3%
FY2029 and beyond	7.1%	6.3%
Total	**100%**	**100%**

Material Agreements Relating to Shanghai Yue Xiu Tower

Property Management Agreement

Shanghai Hong Jia Real Estate Development Co., Ltd. (上海宏嘉房地產開發有限公司) and Yicheng Shanghai Branch entered into a property management agreement pursuant to which Yicheng Shanghai Branch shall act as the property manager of the Shanghai Yue Xiu Tower and provide overall management services in respect of the entire property for a term from 31 August 2017 to 31 December 2017. The property management agreement expired in 2017, thereafter, it has been renewed from time to time. The property management fees are paid by the tenants directly to Yicheng Shanghai Branch.

Tenancy Services Agreement

The REIT manager and Shanghai Hong Jia Real Estate Development Co., Ltd. entered into a tenancy service agreement with Guangzhou Yue Xiu Asset Management Company Limited ("**GZAM**") Shanghai Branch pursuant to which GZAM Shanghai Branch will provide tenancy services to all tenants of the Shanghai Yue Xiu Tower for a term commencing from 31 August 2015 to 31 December 2017 and as consideration for such services, an annual leasing agents' fee of approximate 3 per cent. of the gross annual rental for the Shanghai Yue Xiu Tower is charged. The tenancy services agreement expired in 2018, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements entered into for the Shanghai Yue Xiu Tower are generally for terms ranging from 2 to 5 years, depending on factors such as the expiry and tenant profile of Shanghai Yue Xiu Tower. Most tenancies have fixed terms, but in some tenancy agreements the tenants and the landlord have agreed on an optional term for renewal apart from the fixed term, and in a few exceptional cases the parties have agreed on a cap for the rental increase rate within the optional term at the same time, in which case, the rental increase shall be re-determined through negotiation between both parties in accordance with the market conditions for commercial office premises.

At the time of entering into a tenancy, the tenants of the Shanghai Yue Xiu Tower are required to provide a security deposit, which is generally the aggregate of not more than three months' rent and management fees. Security deposits do not bear interest. Most of the tenants are required to pay their rents before the fifth day of each month. Consistent with market practice, rent-free periods, which vary depending on market conditions at the time of negotiation, lease terms and lease areas, are commonly granted to the tenants by the landlord.

Under the tenancy agreements, the tenants are responsible for payment of building management fees, utilities and other outgoings. The tenants are also responsible for repair costs and all other expenses relating to the interior of the premises, while the landlord is responsible for repair costs relating to the main building structure.

The majority of the tenancy agreements do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises have defects which render the premises unusable and the circumstances are serious. If a tenant unilaterally terminates the tenancy agreement for reasons other than the ones mentioned above without the landlord's consent, the tenant shall compensate the landlord for any losses the latter has suffered therefrom and pay to the landlord an amount equivalent to three months' rental and management fees as liquidated damages. The landlord is entitled to forfeit all the security deposit paid and all the rental prepaid by such tenant to offset the liquidated damages and losses. In addition, the landlord has the right to terminate a tenancy upon the occurrence of certain events, such as delay in rental payment or breach of covenants by the tenant.

Wuhan Property

Overview

The Wuhan Property is located in Hankou Riverside Business District in Wuhan, the capital city of Hubei province in Central China. The Wuhan Property is part of a larger integrated development project, which also includes, among other things, a residential development known as "Starry Winking (星匯雲錦)" and its ancillary facilities. The "**Wuhan Property**" comprises: (a) the entire 68-storey office and commercial development known as "Wuhan Yuexiu Fortune Centre (武漢越秀財富中心)"; (b) the entire five-storey shopping arcade known as "Starry Victoria Shopping Centre (星匯維港購物中心)" (inclusive of a one-storey basement); (c) the 1,134 carpark spaces designated by Wuhan Yuexiu Property Development Limited (武漢越秀地產開發有限公司) ("**WH Project Company**") as spaces supporting the retail and office portions of the Wuhan Property; and (d) the 375 carpark spaces designated by WH Project Company as spaces supporting "Starry Winking".

The commercial carpark spaces and residential carpark spaces are situated in an underground carpark comprising a total of 3,188 spaces. The remaining 1,679 spaces are held by independent third parties and do not form part of the Wuhan Property.

As at the date of this Offering Circular, Yuexiu REIT held a 67 per cent. interest in WH Project Company, which in turns owned the Wuhan Property, with Yuexiu Property holding the remaining 33 per cent. interest in WH Project Company.

The Wuhan Property was valued at RMB3,359 million as at the Valuation Reference Date by the Independent Property Valuer. Net property income attributable to the Wuhan Property amounted to RMB81.9 million and RMB75.9 million for the years ended 31 December 2023 and 2024, respectively.

The Wuhan Property is located within the second ring of Hankou, the capital city of Hubei province, and enjoys easy accessibility with direct connections to the existing metro line 1 and planned metro line 10 intersecting at the Qiaokou Road station. Attracted by Wuhan's strategic location and established city infrastructure, many national institutions and corporations have located their headquarters or regional headquarters in Wuhan. The REIT Manager expects Wuhan to continue to attract ample capital investment and increase demand for premium office space. Wuhan Yuexiu Fortune Centre is the only operating International Grade A office building in the Hankou Riverside Business District and the tallest operating International Grade A office building in Wuhan. Starry Victoria Shopping Centre, being the retail portion of the Wuhan Property, differentiates itself from other retail properties in the Wuguang commercial area in terms of target consumers and trade mix by reason of it being a Hong Kong lifestyle oriented neighbourhood mall and the first shopping mall in Wuhan built with a covered walkway to the metro.

Certain Key Information

The table below sets out certain key information on the Wuhan Property as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)	Total	248,194.2
	Grade A office	139,937.1
	Retail shopping mall	45,471.4
	Commercial parking spaces	47,182.9
	Residential parking spaces	15,602.8
Gross rentable area (*sq.m.*)	Total	172,993.3
	Grade A office	129,446.7(1)
	Retail shopping mall	43,546.6(2)
Property occupancy rate	Total	68.4%
	Grade A office	61.1%
	Retail shopping mall	90.0%
Year of completion		
	Grade A office	2016
	Retail shopping mall	2015
	Commercial parking spaces	2015-2016
	Residential parking spaces	2014-2016
Number of tenancy agreements	Total	223
	Grade A office	129
	Retail shopping mall	94

(1) Excluding 10,490.3 sq.m. of common facilities area and refuge floor area;

(2) Excluding 1,924.8 sq.m. of common facilities area

Top 10 tenants by rental income as at 31 December 2023

Grade A Office

Name of Tenant	**% of Total Gross Rented Area**	**% of Total Monthly Rentals**
Guangdong Guangxin Communication Service Co., Ltd	13.5%	11.2%
GEZHOUBA GROUP	5.4%	7.4%
Wuhan Yuexiu Commercial Management Company Limited (武漢越秀商業管理有限公司)	3.3%	4.3%
BEIJING DHH (WUHAN) LAW FIRMs	3.6%	4.0%
Aviva-COFCO Life Insurance Co., Ltd. Hubei Branch	3.9%	3.7%
New China Life Insurance Co., Ltd. Wuhan Central Branch	3.1%	3.1%
Wuhan Prolog Integrated Technology Co., Ltd.	3.3%	2.6%
Country Garden Life Services Group Co., Ltd	2.4%	2.6%
Hitachi Elevator (China) Co., Ltd. Hubei Branch.	1.6%	2.1%
Hubei Sifei Construction Engineering Co., Ltd	1.7%	2.1%
Total	**41.7%**	**43.1%**

Retail Shopping Mall

Name of Tenant	% of Total Gross Rented Area	% of Total Monthly Rentals
Wuhan KINGZONE Fitness Management Co., Ltd	5.9%	6.6%
Zhongbai Warehouse Supermarket Co., Ltd	8.8%	6.5%
Wuhan Insun Starry Victoria Cinema Co., Ltd	12.0%	4.9%
Wuhan Shengshi Dynasty Automobile Sales Co., Ltd	1.1%	4.4%
Bestore Co.,Ltd	0.9%	3.4%
上海迎喜天浩餐飲管理有限公司礄口分公司	5.3%	3.3%
武漢市武昌區新東方科技教育培訓學校有限公司	2.9%	2.8%
Wuhan Hengxiuhui Catering Management Co., Ltd	1.8%	2.5%
Chuyue Health Management Consulting (Wuhan) Co., Ltd.	1.3%	2.2%
Wuhan Tai Gai Food & Beverage Management Co., Ltd	1.0%	2.2%
Total	**41.0%**	**38.8%**

Tenancy Mix

The following table sets forth the mix of tenants of the Wuhan Property, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

Grade A Office

Industry Sector	Gross Rented Area by industry of tenants
Commercial Services	31.5%
Information Technology	24.0%
Finance	13.8%
Manufacturing	9.1%
Trading	8.8%
Real Estate	7.6%
Food and Beverage Services	2.2%
Logistics Services	1.4%
Culture, Sports and Entertainment	1.6%
Total	**100%**

Retail Shopping Mall

Industry Sector	Gross Rented Area by industry of tenants
Commercial Services	44.3%
Culture, Sports and Entertainment	23.5%
Food and Beverage Services	32.2%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the retail space at the Wuhan Property as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

Grade A Office

	Percentage of rented area	Percentage of total basic monthly rentals
Year		
FY2025	30.5%	34.8%
FY2026	34.7%	31.5%
FY2027	13.3%	12.2%
FY2028	8.7%	9.2%
FY2029 and beyond	12.8%	12.3%
Total	**100%**	**100%**

Retail shopping mall

	Percentage of rented area	Percentage of total basic monthly rentals
Year		
FY2025	22.4%	29.9%
FY2026	19.8%	26.3%
FY2027	22.9%	23.0%
FY2028	9.5%	5.0%
FY2029 and beyond	25.4%	15.8%
Total	**100%**	**100%**

Material Agreements Relating to the Wuhan Property

Support Arrangement

To enable Yuexiu REIT to mitigate its exposure to the start-up risks associated with the operation of the Wuhan Property and to ensure Yuexiu REIT receives expected, progressive and recurrent net income during these periods, Yuexiu Property agreed to provide support payments to Yuexiu REIT for the period from 1 January 2018 up to and including 31 December 2020. Such support payments shall be made to Yuexiu REIT in the event that the actual adjusted net income as derived from WH Project Company's accounts for the six months ended 30 June of each financial year or for the financial year ended 31 December of each financial year was less than the baseline adjusted net income for the relevant period. Yuexiu REIT would not be penalised under the Wuhan Property Support Arrangement where the actual adjusted net income was greater than the baseline adjusted net income for a relevant period.

Property Management Agreement

Yicheng Wuhan Branch acts as the property manager of the Wuhan Property and provide property management services in respect of such property for a term commencing from 21 December 2017 to 31 December 2020. The property management agreement expired in 2020, thereafter, it has been renewed from time to time. Yicheng Wuhan Branch is entitled to collect a property management fee from the tenants of the office and retail portions of the Wuhan Property. No property management fees shall be payable under in respect of the 1,134 carpark spaces designated by the WH Project Company as spaces supporting the retail and office portions of the Wuhan Property and the 375 carpark spaces designated by the WH Project Company as spaces supporting "Starry Winking".

Tenancy Services Agreement

Yicheng Wuhan Branch provides tenancy services to all tenants of the Wuhan Property for a term commencing from 21 December 2017 to 31 December 2020 and as consideration for such services, an annual leasing agents' fee of approximate 4 per cent. of the gross annual revenue for the Wuhan Property is charged. The tenancy services agreement expired in 2021, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements are generally for terms ranging from three to five years, depending on factors such as the size of lease premises, expiry and tenant profile of the Wuhan Property. Most tenancies have fixed terms, but in some tenancy agreements the tenants and the landlord have agreed on an optional term at the discretion of the tenants for renewal apart from the fixed term, and in a few exceptional cases the parties have agreed on a cap for the rental increase rate within the optional term at the same time, in which case, the rental increase shall be re-determined through negotiation between both parties in accordance with the market conditions for commercial office premises.

Tenants of the Wuhan Property are required to provide a security deposit, which is generally the aggregate of not more than three months' rent and management fees. Security deposits do not bear interest. Under the tenancy agreements, the tenants are responsible for payment of building management fees, utilities and other outgoings. The tenants are also responsible for repair costs and all other expenses relating to the interior of the premises, while the landlord is responsible for repair costs relating to the main building structure.

The majority of the tenancy agreements do not enable tenants to terminate their tenancies ahead of the scheduled expiration dates, unless the landlord delays in delivery of the premises or the premises suffer from serious defects which render them unfit for use, in which case tenants may terminate their tenancies where the landlord fails to deliver or rectify those defects (as the case may be) within 30 days upon receiving tenants' written notices.

Carpark Master Lease Agreements

Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd. (廣州越秀華城房地產開發有限公司) ("**Yuexiu Huacheng**") and WH Project Company entered into carpark master lease agreements pursuant to which the 1,134 commercial carpark spaces and 375 residential carpark spaces are master-leased to Yuexiu Huacheng for the period commencing from 1 April 2022 to 31 December 2023. Thereafter, the terms of the carpark master lease agreements has been extended from time to time.

Hangzhou Victory Business Center

Overview

The Hangzhou Victory Business Center is located in Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, PRC. The "**Hangzhou Victory Business Center**" comprises: (a) an 18-storey commercial building known as "Hangzhou Victory Business Center Tower 2 (杭州維多利商務中心2幢)" with a 16-storey office component and a 2-storey retail component; and (b) 315 underground Carpark Spaces. The Hangzhou Victory Business Center is part of a larger integrated development project that includes another 18-storey commercial building (Tower 1) and four blocks of detached villa-style office buildings (Towers 3 to 6), all of which are owned by independent third parties of Yuexiu REIT.

The Hangzhou Victory Business Center was valued at RMB625 million as at the Valuation Reference Date by the Independent Property Valuer. Net property income attributable to the Hangzhou Victory Business Center amounted to RMB29.2 million and RMB28.0 million for the years ended 31 December 2023 and 2024, respectively.

Certain Key Information

The table below sets out certain key information on the Hangzhou Victory Business Center as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)	40,148.4
Gross rentable area (*sq.m.*)	22,484.8[(1)]
Property occupancy rate	97.7%
Year of completion	2017
Number of tenancy agreements	34

(1) Excluding 17,663.6 sq.m. of parking space

Top 10 tenants by rental income as at 31 December 2023

Name of Tenant	**% of Total Gross Rented Area**	**% of Total Monthly Rentals**
1. Yuexiu Group and its subsidiaries.	23.0%	25.6%
2. Sijiqing Street Government Office of Jianggan District, Hangzhou	16.3%	15.7%
3. Zhejiang Yiyiyizhongliu Information Technology Co., Ltd.	11.4%	11.7%
4. Caitong Securities Co., Ltd. Securities Branch in Jiangxiu Street, Hangzhou	8.3%	7.5%
5. CCCC Water Resources and Hydropower construction Co. Ltd	6.5%	6.7%
6. Zhejiang Yiqiwan Internet Technology Co., Ltd.	5.7%	6.3%
7. Shanxi Road & Bridge Construction Group Co., Ltd. Zhejiang Traffic Engineering Branch	4.2%	4.4%
8. Sijiqing Street Qianyun Community Committee, Jianggan District, Hangzhou	4.8%	4.3%
9. Hangzhou Weixue Culture Communication Co., Ltd. (杭州威學文化傳播有限公司)	2.6%	2.7%
10. Hangzhou Yida Environmental Protection Technology Consulting Service Co., Ltd	2.6%	2.1%
Total	**85.2%**	**87.0%**

Tenancy Mix

The following table sets forth the mix of tenants of the Hangzhou Victory Business Center, by their principal nature of business, as a percentage of Gross Rented Area leased for the month ended on 31 December 2023.

	Gross Rented Area by industry of tenants
Industry Sector	
Real Estate	33.3%
Commercial Services	32.8%
Information Technology	19.4%
Finance	13.0%
Culture, Sports and Entertainment	0.9%
Logistics Services	0.6%
Trading	0.0%
Total	**100%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the retail space at the Hangzhou Victory Business Center as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

	Percentage of rented area	Percentage of total basic monthly rentals
Year		
FY2025	58.5%	60.9%
FY2026	7.5%	7.0%
FY2027	10.6%	10.2%
FY2028	16.2%	14.7%
FY2029 and beyond	7.2%	7.2%
Total	**100%**	**100%**

Material Agreements Relating to Hangzhou Victory Business Center

Property Management Agreement

Yicheng Hangzhou Branch acts as the property manager of the Hangzhou Victory Business Center and provide property management services in respect of such property for a term expiring on 31 August 2020. Yicheng Hangzhou Branch is entitled to collect a property management fee from the tenants of the office and retail portions of the Hangzhou Victory Business Center. The property management agreement expired in 2020, thereafter, it has been renewed from time to time.

Tenancy Services Agreement

Yicheng Hangzhou Branch provides tenancy services to all tenants of the Hangzhou Victory Business Center for a term commencing from 28 December 2018 and expiring on 31 December 2020 and as consideration for such services, an annual leasing agents' fee of approximate 4 per cent. of the gross annual revenue for the Hangzhou Victory Business Center is charged. The tenancy services agreement expired in 2023, thereafter, it has been extended from time to time.

Tenancy Agreements

The tenancy agreements are generally for terms ranging from three to six years, depending on factors such as the size of lease premises, expiry and tenant profile of the Hangzhou Victory Business Center.

Carpark Master Lease Agreements

Hangzhou Yuehui Real Estate Development Co., Ltd. (杭州越輝房地產開發有限公司) and Hangzhou Yuexiu Property Development Co., Ltd. (杭州越秀房地產開發有限公司) ("**Hangzhou Yuexiu**") entered into a carpark master lease agreement, pursuant to which the 315 underground carpark spaces are master-leased to Hangzhou Yuexiu for the period commencing from 1 January 2021 and expiring on 31 December 2024. Thereafter, the term of the carpark master lease agreement has been extended.

Hong Kong Properties

Overview

Yuexiu REIT acquired units one to three on the 17th floor and units one to three on the 23rd floor of Yue Xiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong (the "**Hong Kong Properties**") on 20 December 2022. Yue Xiu Building is located in Hong Kong Island, within only 1-minute walking distance from Wan Chai Station on MTR Island line. Yue Xiu Building, completed in July 1985, is a 27-storey (including car park) commercial building. Three Hong Kong listed companies of the Group have settled in the 17th and 23rd floors of Yue Xiu Building, including Yuexiu Property, Yuexiu REIT and Yuexiu Transport Infrastructure Limited.

Certain Key Information

The table below sets out certain key information on the Hong Kong Properties as at 31 December 2024, unless otherwise indicated.

GFA (*sq.m.*)	872.2
Gross rentable area (*sq.m.*)	872.2
Property occupancy rate	100%
Year of completion	1985
Number of tenancy agreements	4

Top 3 tenants by rental income as at 31 December 2023

	% of Total Gross Rented Area	% of Total Monthly Rentals
Name of Tenant		
1. Yuexiu Property Company Limited (Real Estate)	50.0%	50.0%
2. Yuexiu REIT Asset Management Limited (Finance)	25.0%	25.0%
3. Yuexiu Transport Infrastructure Limited (Logistics Services)	25.0%	25.0%
Total (if applicable)	**100.0%**	**100.0%**

Schedule of Tenancy Expiries

The following table sets forth details of the percentage of expiries in respect of the tenancies of the Hong Kong Properties as at 31 December 2024 that are scheduled to take place during the periods indicated (assuming no exercise of any lease renewal rights and that the tenancies are terminated after the expiration of the fixed term of the relevant lease).

	Percentage of rented area	Percentage of total basic monthly rentals
Year		
FY2025	50.0%	49.9%
FY2026	0.0%	0.0%
FY2027	50.0%	50.1%
FY2028	0.0%	0.0%
FY2029 and beyond	0.0%	0.0%
Total	**100%**	**100%**

LAND USE RIGHTS

There are two types of title registrations in the PRC, namely land registration and building registration. Land registration is effected by the issue of a land use right certificate by the relevant authority to the land user evidencing that the land user has obtained land use rights in respect of the land. The building registration is the issue of a building ownership certificate to the building owner evidencing that the building owner has obtained building ownership rights in respect of the building. According to the Land Registration Regulations (土地登記規則) promulgated by the State Land Administration Bureau on 18 November 1989 and amended on 28 December 1995 (which amendment became effective on 1 February 1996), all land use rights and building ownership rights which are duly registered are protected by law.

The Interim Regulations on Real Estate Registration (不動產登記暫行條例) was promulgated by the State Council on 24 November 2014 and came into effect on 1 March 2015, as amended on 24 March 2019 and on 10 March 2024. The MLR promulgated the Notice of the Ministry of Land and Resources on Implementing the Interim Regulations on Real Estate Registration (國土資源部關於貫徹實施《不動產登記暫行條例》的通知) on 29 December 2014 and Implementation Regulations for the Provisional Regulations on Real Estate Registration (不動產登記暫行條例實施細則) on 1 January 2016, as amended by the MNR on 24 July 2019 and on 21 May 2024. The new rules require the establishment of a unified registration system for real estate and creation of an information platform to manage the data. In addition to buildings, the new rules also cover land, maritime property and forests. The MNR is responsible for monitoring property registration overall, while local governments will set up institutions to implement the process. In places where the institutional integration has not been completed, the original documents of title will be issued until the authorising institutions complete the integration. No PRC government agencies may compel a real estate owner which has obtained the original document of tile to apply for the new document of tile and the original document of tile will remain valid during its validity period.

Under the Provisional Regulations of the PRC concerning the Grant and Assignment of the Right to Use State-Owned Land Use Rights in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated by the State Council of the PRC on 19 May 1990, as amended on 29 November 2020, the use of state land is dependent on the grant of a land use right by the PRC Government to a land user for a definite period subject to the payment of a land premium by the land user. The maximum term of such grants depends on the use of the land, as follows:

- up to 70 years for residential use;

- up to 50 years for industrial use or for public (e.g. educational, technology, cultural, hygiene or sports) use;

- up to 40 years for commercial (which includes wholesale and retail), tourism and entertainment uses; and

- up to 50 years for comprehensive uses and all other uses (which include office and warehouse).

According to the Law of the PRC on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) (the "**Real Property Administration Law**"), if the land user intends to continue to use the land upon expiry of the use term, such user shall file an application for a land use right extension at least one year prior to expiry of the use term, **provided that** according to Book Two Property Rights of the Civil Code of the People's Republic of China (中華人民共和國民法典) (the "**PRC Civil Code**"), the use term in respect of land for residential use will be extended automatically and the payment of the extension fees and the exemption or reduction thereof shall be handled in accordance with the provisions of relevant laws and regulations. The approval shall ordinarily be granted except when the land needs to be expropriated for social public interest. If the land use right extension is approved, a new land use right grant contract shall be signed and the land premium shall be paid according to the relevant regulations.

DISTRIBUTION POLICY

Pursuant to the REIT Trust Deed, Yuexiu REIT is required to ensure that the total amount distributed to Unitholders each year shall be no less than 90 per cent. of Total Distributable Income for each financial year.

For these purposes, and under the terms of the REIT Trust Deed, "**Total Distributable Income**" for a financial year means the amount calculated by the REIT Manager as representing the consolidated audited profit after tax of Yuexiu REIT and entities controlled by it for that financial year, as adjusted for accounting purposes to eliminate the effects of Adjustments (as defined below). After eliminating the effects of these Adjustments, Total Distributable Income may be different from the profit after tax recorded for the relevant financial year.

"**Adjustments**" means accounting adjustments which are charged or credited to the profit and loss account for the relevant financial year, including: (i) the effects of unrealised property valuation gains, including reversals of impairment provisions, (ii) realised gains on the disposal of properties, (iii) fair value gains on financial instruments, (iv) deferred tax charges/credits in respect of property valuation movements, (v) other material non-cash gains, (vi) expenses paid out of the Deposited Property in connection with the issue of new Units, and (vii) any adjustments in accordance with the

Hong Kong Financial Reporting Standards which increase those recorded under generally accepted accounting principles in the PRC on which the accounts of cash available for distribution is based (including reversal of depreciation charge on investment properties, properties and equipment, that being the "**Depreciation Charge Adjustment**").

Pursuant to the REIT Trust Deed, the REIT Manager may, at its discretion from time to time, direct the REIT Trustee to make distributions over and above the minimum 90 per cent. of Total Distributable Income if Yuexiu REIT, in the REIT Manager's opinion, has funds surplus to its business requirements. The determination of "Total Distributable Amount" includes any additional amount (including capital) that the REIT Manager has determined is distributable, and pursuant to the REIT Trust Deed, Yuexiu REIT has the ability to make such distributions. When considering whether to exercise the above discretion, the REIT Manager shall have regard to factors including but not limited to Yuexiu REIT's funding requirements, its earnings and financial position, its growth strategy, operating and capital requirements, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practice.

The REIT Manager will disclose in its distribution statements the extent to which distributions declared or made by it are composed of, and the types of, income and capital. Further, the amount to be distributed from capital will be disclosed on a per Unit basis.

DEFERRED UNITS

Part of the consideration for Yuexiu REIT's acquisition of Guangzhou IFC from Yuexiu Property was satisfied on 8 October 2012 by way of cash and issuance of Units to Yuexiu Property's nominee. The balance of such consideration, being HK$2,933,121,976, will be satisfied by the issuance of deferred units at HK$4.00 per Unit (subject to adjustment for consolidation, sub-division or reclassification of the Units and rights issues of Units or other securities (including open offers and options) at a discount greater than 10 per cent., being the "**Deferred Units Adjustment Events**") to Yuexiu Property's nominee on 31 December of each year from 31 December 2016 onwards (the "**Deferred Units**"). Pursuant to an assignment entered into by and between Yuexiu Property and Yuexiu Capital Holdings Limited ("**YXCH**"), Yuexiu REIT issued the deferred units that were issuable to Yuexiu Property or its nominee on 31 December 2020 to YXCH.

Further, on 31 December 2021, Yuexiu REIT issued 81,000,000 Deferred Units at a price of HK$4.00 per unit to a wholly-owned subsidiary of Yuexiu Property in partial satisfaction of the outstanding consideration from Yuexiu REIT's investment in Guangzhou IFC in 2012.

As stated in Yuexiu REIT's circular dated 13 November 2021 ("**2021 Circular**"), in light of the subscription price of Yuexiu REIT's rights issue as announced on 16 December 2021 and completed on 26 January 2022 (the "**Rights Issue**") being at a discount greater than 10 per cent. of the average of the daily closing prices of the Deferred Units for the five consecutive trading days preceding the date of Yuexiu REIT's announcement dated 31 December 2021 (the "**Announcement**") (being HK$3.67), the issue price for the Deferred Units (the "**Deferred Units Issue Price**") shall be adjusted by multiplying the current Deferred Units Issue Price (being HK$4.00 per unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between Yuexiu Property, the REIT Trustee and the REIT Manager and further described in the 2021 Circular (the "**Deferred Units Issue Price Adjustment**"). The Deferred Units Issue Price Adjustment has taken effect upon the completion of the Rights Issue, which has taken place on 26 January 2022. On 31 December 2022 and 2023, Yuexiu REIT issued further 75,000,000 and 22,000,000 Deferred Units, respectively, all at a price of HK$3.86 per unit to a wholly-owned subsidiary of Yuexiu Property in partial satisfaction of the outstanding consideration from Yuexiu REIT's investment in Guangzhou IFC in 2012.

Accordingly, following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as described in the Announcement), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the consideration payable to Yuexiu Property in relation to Yuexiu REIT's acquisition of Guangzhou IFC will be fully settled at the earliest by 31 December 2026 by the issuance of 329,808,584 Deferred Units in aggregate at HK$3.86 per Unit.

On 31 December 2024, Yuexiu REIT issued further 20,000,000 Deferred Units at a price of HK$3.86 per unit to a wholly-owned subsidiary of Yuexiu Property in partial satisfaction of the outstanding consideration from Yuexiu REIT's investment in Guangzhou IFC in 2012.

INSURANCE

Yuexiu REIT has in place insurance coverage for its Properties that the REIT Manager believes is consistent with industry practice in the cities where the Properties are located. This includes comprehensive property insurance (including insurance against fire and flood) and public liability insurance. There are no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including losses resulting from wars, nuclear contamination, acts of terrorism (except for certain Properties), epidemics and acts of God.

INTELLECTUAL PROPERTY

Yuexiu REIT has been using the trademarks, “ ” and “越秀”, which have been registered by GZ Baima with the PRC Trademark Office under various categories relating to real estate, finance, advertising, investment management, printing and others. GZ Baima has permitted Yuexiu REIT to use these trademarks in its business operations.

Yuexiu REIT has also been using the trademark “越秀” which has been registered by GZ Yuexiu with the Trademarks Registry in Hong Kong and assigned from Yue Xiu Enterprises in Part A, classes 1, 3, 6, 9, 14, 16, 18, 25, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45. GZ Yuexiu has contractually licensed to Yuexiu REIT the use of this trademark. Yuexiu REIT is also the owner of the domain name of www.yuexiureit.com, the contents of which do not form part of this Offering Circular.

EMPLOYEES

As at 31 December 2024, Yuexiu REIT employed 597 and 129 employees in China for the Hotel's operation through its branch companies and for the Serviced Apartments operations through its subsidiaries, respectively. Yuexiu REIT is managed by the REIT Manager whereas the Hotel is managed by the Hotel Manager and the Serviced Apartments are managed by the Serviced Apartments Manager. Except the abovementioned, none of Yuexiu REIT and its subsidiaries (including the Issuer) employs any staff.

ENVIRONMENTAL AND SAFETY MATTERS

The REIT Manager believes that it is in compliance in all material respects with applicable environmental regulations in the PRC which relate to Yuexiu REIT's business and operations. As at the date of this Offering Circular, the REIT Manager is not aware of any environmental proceedings or investigations to which the REIT Manager or Yuexiu REIT is or might become a party.

The REIT Manager is required under the Listing Rules to prepare an annual environmental, social and governance (“**ESG**”) report, in which the REIT Manager evaluates and determines the ESG-related risks applicable to Yuexiu REIT and confirms that effective ESG risk management and internal control systems are in place in accordance reporting principles set out in the Listing Rules. The ESG report also discloses the REIT Manager's ESG management approach, strategy, priorities and objectives and explains how they relate to Yuexiu REIT's business.

GOVERNMENT REGULATIONS

Yuexiu REIT's operations are subject to various laws and regulations of the PRC. Yuexiu REIT's Properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The REIT Manager believes that Yuexiu REIT is in compliance in all material respects with government safety regulations currently in effect. Yuexiu REIT has not experienced significant problems with any regulation with regard to these issues, and is not aware of any pending legislation on these issues that might have a material adverse effect on its Properties.

LEGAL PROCEEDINGS

From time to time, Yuexiu REIT may be involved in litigation or administrative proceedings that may arise during the ordinary course of its business. As of the date of this Offering Circular, none of Yuexiu REIT, its subsidiaries or the REIT Manager is presently involved in any litigation or administrative proceedings which would have a material adverse effect on the business, results of operations and financial condition of Yuexiu REIT.

MANAGEMENT

THE BOARD

The board of Directors (the "**Board**") of the REIT Manager principally oversees the day-to-day management of the REIT Manager's affairs and the conduct of its business and is responsible for the overall governance of Yuexiu REIT. The Board will also review major financial decisions and the performance of the REIT Manager. As at the date of this Offering Circular, the Board consists of two executive Directors, two non-executive Director and four independent non-executive Directors:

Name	Age	Position
Mr. LIN Deliang (林德良)	55	Chairman, Executive Director and Chief Executive Officer
Ms. OU Haijing (區海晶)	48	Executive Director and Deputy Chief Executive Officer
Mr. LI Feng (李鋒)	56	Non-Executive Director
Mr. ZENG Zhizhao (曾志釗)	47	Non-Executive Director
Mr. CHAN Chi On, Derek (陳志安). .	61	Independent Non-Executive Director
Mr. CHAN Chi Fai, Brian (陳志輝) . .	70	Independent Non-Executive Director
Mr. CHEUNG Yuk Tong (張玉堂) . . .	67	Independent Non-Executive Director
Mr. CHEN Xiaoou (陳曉歐).	55	Independent Non-Executive Director

Directors' Biographies

Details of the Directors of the REIT Manager are set forth below.

Mr. LIN Deliang, aged 55, was appointed as Chairman on 14 August 2018 and is an Executive Director and the Chief Executive Officer of the REIT Manager and one of the REIT Manager's Responsible Officers licensed under the SFO and is authorised to carry out type 9 regulated activities. Prior to joining the REIT Manager, Mr. Lin participated in and was in charge of investment planning, sales and marketing programmes for various large scale residential and commercial properties of Yuexiu Property, a company listed on Hong Kong Stock Exchange (Stock Code: 00123). After joining Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) ("**GCCD**") in 1992, Mr. Lin held various managerial positions in the investment development department of GCCD as well as in Xingye Real Estate Agent Co., Ltd. (being a subsidiary of Yuexiu Property) and Guangzhou Investment (HK Property) Company Limited. Mr. Lin participated in and was responsible for the operations management of properties located in, among others, Hong Kong, Macau, France and Singapore from 2003 to 2005. In 2006, Mr. Lin was deputy general manager of Guangzhou Dongfang Hotel Group of Yuexiu Group, responsible for financial revenue management, hotel brand development, and tourism affairs etc. Mr. Lin is a qualified Real Estate Appraiser of China, China Land Valuer and China Real Estate Agent. After joining the REIT Manager, Mr. Lin was responsible for organising to implement Yuexiu REIT's acquisition of Guangzhou IFC and a series of major capital operation projects in Shanghai, Wuhan and Hangzhou since 2009. As a composite professional of "DOS" (develop, operate and securitise) in the real estate investment and financing and securitisation field, Mr. Lin has accumulated nearly 30 years of practical experience in large property positioning and planning, investment development, commercial operations, and capital operations. Mr. Lin graduated from Jinan University in the PRC with professional studies in corporate management, and obtained a bachelor's degree in Economics. Mr. Lin completed an MBA postgraduate course at South China University of Technology from 2004 to 2005.

Ms. OU Haijing, aged 48, is an Executive Director and has been the Deputy Chief Executive Officer of the REIT Manager since 26 April 2019 and one of the REIT Manager's Responsible Officers licensed under the SFO since 27 September 2018. Since October 2016, Ms. Ou has been the head of asset management, primarily responsible for project management including leasing, property operation and asset enhancement. Prior to this role, Ms. Ou was responsible for the internal governance and human resources management of the REIT Manager from May 2009 to September 2016, and headed the investment team of the REIT Manager from 2007 to 2009. Before joining the REIT Manager, Ms. Ou was mainly engaged in the capital operations and had participated in various mergers and acquisitions of Yuexiu Group, including the listing of Yuexiu REIT. Ms. Ou has over 10 years of experience in internal governance in Yuexiu REIT. Ms. Ou is now a licensed person under the SFO and is authorised to carry out regulated activities of type 9. Ms. Ou graduated from Jinan University in the PRC with professional studies in international economics and trade and economic law, and obtained a bachelor's degree in Economics and a bachelor's degree in Law (i.e. a double degree). Subsequently, Ms. Ou completed postgraduate studies in Finance at the Lingnan College of Sun Yat-Sen University in 2003.

Mr. LI Feng, aged 56, is a Non-Executive Director of the REIT Manager. Mr. Li is currently the chief capital officer of Yuexiu Group, mainly responsible for formulating and implementing major capital operation, organising industrial development and financing coordination, upgrading the customer resource management and a press spokesman of Yuexiu Group. Mr. Li is also the Chairman of Chong Hing Bank Limited and Yue Xiu Securities Holdings Limited, a director of Yuexiu Financial Holdings Limited and Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000987). Mr. Li was the Chairman of Yuexiu Transport Infrastructure Limited ("**Yuexiu Transport**"), a company listed on the Hong Kong Stock Exchange (Stock Code: 01052). He is familiar with business of listed companies and the operation of capital markets and has extensive practical experience in capital operations. Mr. Li graduated from South China University of Technology and Jinan University and obtained a bachelor of Engineering, master of Business Administration and the qualification of a Senior Engineer in China. Mr. Li is the president of Association of Guangzhou Belt and Road Investment Enterprises, member of Guangzhou Housing Provident Fund Management Committee and director of Guangzhou People's Association for Friendship with Foreign Countries.

Mr. ZENG Zhizhao, aged 47, is a Non-Executive Director of the REIT Manager. Mr. Zeng joined the Yuexiu Group in July 2005 and is currently acting as the general manager of the finance department of Yuexiu Group, Yue Xiu Enterprises and Guangzhou Yue Xiu Enterprises Holdings Limited. Mr. Zeng has extensive experience in capital operations. Mr. Zeng has held various positions with Yuexiu Group Holdings Limited where he worked as, among others, deputy manager and senior manager and certain other positions of the capital department from July 2005 to April 2014, as deputy director of capital operations of the capital department from April 2014 to November 2015, as deputy general manager of the capital department from November 2015 to March 2019, as general manager of the capital department from March 2019 to January 2021, and as deputy general manager of Yuexiu Property from January 2021 to March 2024, where he was mainly responsible for organising and implementation of major capital operations projects, coordination of investor relations of listed companies within the Yuexiu Group, capital operations, post-investment management of the headquarters of Yuexiu Group and management of financial and operation of listed companies of the real estate sector within the Yuexiu Group. Mr. Zeng was also involved in various capital operation projects including among others the acquisition of Guangzhou IFC by Yuexiu REIT, acquisition of Chong Hing Bank Limited, and issuance of certain bonds. Mr. Zeng received a bachelor's degree in International Finance in July 1999, a master's degree in Finance in July 2002, and a doctorate degree in Finance in July 2005, each from Xiamen University in Xiamen, PRC. Mr. Zeng has been a certified public accountant in the PRC since June 2002. Mr. Zeng has also obtained the qualification of financial economist in the PRC in December 2007 and the qualification of fund practitioner of Asset Management Association of China in May 2017.

Mr. CHAN Chi On, Derek, aged 61, is an Independent Non-Executive Director of the REIT Manager. Mr. Chan has over 30 years of experience in the financial services industry and is a co-author of a book on listing procedures and securities rules and regulation in Hong Kong. Mr. Chan is currently the chairman of Halcyon Capital Limited and Halcyon Securities Limited, which are engaged in corporate finance and securities businesses in Hong Kong respectively. Mr. Chan worked for the Hong Kong Stock Exchange from 1989 to 1996 and was an executive director of Haitong International Securities Group Limited (formerly known as Taifook Securities Group Limited), and had been the head of its corporate finance division for 16 years until the end of 2012. Mr. Chan is also currently an independent non-executive director of Longfor Group Holdings Limited (Stock Code: 00960), China Conch Venture Holdings Limited (Stock Code: 00586) and Embry Holdings Limited (Stock Code: 01388). The shares of the companies mentioned above are listed on the Hong Kong Stock Exchange. Mr. Chan graduated from The Hong Kong University of Science and Technology with a master's degree in Business Administration in 1994 and from The University of Hong Kong with a bachelor's degree in Social Sciences (majoring in Economics) in 1985.

Mr. CHAN Chi Fai, Brian, aged 70, is an Independent Non-Executive Director of the REIT Manager. Mr. Chan is currently also a director of the Hong Kong Parkview Group. Mr. Chan has been heavily involved in the overall development of the Hong Kong Parkview Group since he joined the group in 1990. With projects and investment properties in Hong Kong, the PRC, Singapore and the United Kingdom, the Hong Kong Parkview Group is principally engaged in property development and hospitality. Prior to joining the Hong Kong Parkview Group, Mr. Chan worked in the banking sector from 1978 to 1989, the first 7 years of which was with a reputable international bank. The last position Mr. Chan held before leaving his banking career was as group financial controller of IBI Asia (Holding) Limited. During his 11 years in banking, Mr. Chan was involved in international banking operations, mergers and acquisitions as well as financial and risk management. Mr. Chan is a certified public accountant with professional accounting qualifications in Hong Kong and the United Kingdom, and has a higher diploma in Business Studies from The Hong Kong Polytechnic University.

Mr. CHEUNG Yuk Tong, aged 67, is an Independent Non-Executive Director of the REIT Manager. Mr. Cheung joined Baker & McKenzie in 1982 and worked in the Chicago, Beijing, Shanghai and Hong Kong offices of the firm. Mr. Cheung was a partner in the corporate group of Baker & McKenzie's Hong Kong office, and was co-head of its Hong Kong and China mergers and acquisitions practice until June 2013 when he ceased to be a partner of Baker & McKenzie. His practice was focused in the areas of mergers and acquisitions and corporate finance. Mr. Cheung was a member of the Judging Panel for the Corporate Governance Excellence Awards organised by the Hong Kong Chamber of Listed Companies from 2012 to 2015. Mr. Cheung was also a member of the Takeovers and Mergers Panel and the Takeovers Appeals Committee of the Securities and Futures Commission of Hong Kong from 2012 to 2014. Mr. Cheung graduated from The University of Hong Kong with an LL.B. and a postgraduate certificate in Laws, and from the London School of Economics with an LL.M.. Mr. Cheung was admitted as a solicitor in Hong Kong and England, and as an attorney-at-law in New York.

Mr. CHEN Xiaoou, aged 55, is an Independent Non-Executive Director of the REIT Manager. Mr. Chen has over 25 years of professional experience in large scale real estate asset management and investment, fund management, development, planning and design and international business operations. Mr. Chen has been living and working in the PRC, the United States, Hong Kong, Singapore and Australia for many years. Mr. Chen is the China Chapter Deputy Chairman of Asia Pacific Real Estate Association, Fellow of The Building Owners and Managers Association China ("**BOMA**") and a BOMA-certified commercial real estate expert. Mr. Chen is the chairman of F.O.G. Capital & Asset Management Corporation, and had been vice president, China, of CDPQ-Ivanhoe Cambridge. His past experience also includes an executive position in New World China Land, the China property flagship of New World Development Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 00017). Mr. Chen had worked as an architectural designer and urban planner in the United States. Mr. Chen's management record includes large scale mixed-use development, high-end residential, retail, office and hotel projects. Mr. Chen is a visiting professor of Cheung Kong Graduate School of Business, and was also the MBA Mentor for The School of Business of Renmin University of China. Mr. Chen received an AMDP (Advanced Management Development Program in Real Estate) certificate from the Harvard University Graduate School of Design in 2010, obtained a master of Architecture degree from the University of New South Wales in Australia in 1999, and obtained a bachelor of Architecture degree from Northwestern Polytechnical University in China in 1992.

Senior Executives' Biographies

Details of the senior executives of the REIT Manager, who are full-time employees of the REIT Manager, are set forth below.

Mr. LIN Deliang is the Chairman, Chief Executive Officer, Executive Director and one of the Responsible Officers of the REIT Manager. Information on his business and working experience has been set out in the subsection headed "Directors' Biographies" above.

Ms. OU Haijing is the Deputy Chief Executive Officer, Executive Director and one of the Responsible Officers of the REIT Manager. Information on her business and working experience has been set out in the subsection headed "Directors' Biographies" above.

Mr. YU Tat Fung is the company secretary and was appointed as the compliance manager of the REIT Manager on 1 March 2010. Mr. Yu is also the group general legal counsel of Yue Xiu Enterprises and is responsible for the company secretarial affairs and compliance of the REIT Manager. From October 2004, Mr. Yu was the company secretary of Yuexiu Property, Yuexiu Transport and Yuexiu Services Group Limited (Stock Code: 006626), and he has also been appointed as the company secretary of Yue Xiu Enterprises since January 2014. Mr. Yu obtained a bachelor's degree in social sciences from The University of Hong Kong in 1981. Mr. Yu attained the Solicitors' Final Examination in England in 1983. Mr. Yu was admitted as a solicitor of the Supreme Court of Hong Kong in 1986. Mr. Yu was also admitted to the Bar of the Province of British Columbia in Canada in 1995. Prior to joining Yuexiu Property in 1997, he was engaged in private practice with an emphasis on corporate and commercial law.

Mr. KWAN Chi Fai is the Chief Financial Officer and one of the Responsible Officers of the REIT Manager. Mr. Kwan is responsible for the financial management of the REIT Manager. Prior to joining Yue Xiu Enterprises in January 2007, Mr. Kwan was the financial controller of 2 companies which are listed on the Hong Kong Stock Exchange. Mr. Kwan has over 25 years of experience in finance, accounting and taxation. Mr. Kwan is a member of the Chartered Professional Accountants of Canada, the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. Mr. Kwan obtained a master's degree in Business Administration and a bachelor's degree in Accounting from The University of Hong Kong.

Ms. YOU Quan is the general manager of the project development department of the REIT Manager. Ms. You is mainly responsible for the capital technical alteration, risk control and facility management operations of Yuexiu REIT's properties. Before joining the REIT Manager by the end of 2018, Ms. You was a project manager of TaiKoo Hui Guangzhou Development Co., Ltd. and the HVAC director of Guangzhou City Construction & Development Design Institute Co., Ltd for nearly 10 years. Ms. You has successively held positions such as technology and design department director, design and engineering department deputy director, regional director, project management department general manager of subsidiaries of Yuexiu Property since 2010. Ms. You has rich experience in both engineering and operations management, involved in management of 5-star hotels, such as Four Seasons Hotel Guangzhou, and super high-rise buildings and city level multi-functional commercial complexes such as Guangzhou IFC and TaiKoo Hui. Ms. You graduated from the HVAC, Gas and Refrigeration Department of Chongqing University of Architecture in 1995 with a master's degree in Engineering. Ms. You has a wide range of professional knowledge and holds the certified Public Utility Engineer (HVAC) qualification, senior HVAC engineer licence, fire facility design certificate and building equipment engineer licence.

Mr. DAI Jiakai is the Owner Representative of hotels and apartments of the REIT Manager and is responsible for owner supervision of hotels and apartments of the REIT Manager. Before joining the REIT Manager in 2021, Mr. Dai worked in Marriott International Inc. for nearly eight years, served as director of food and beverage, resident manager and general manager, and participated in the preparation for opening of high-star hotels. Mr. Dai has extensive experience in hotel operation and management.

Mr. LIU Bihong is the general manager of the internal audit department and the deputy general manager of the compliance department of the REIT Manager, and is also the deputy head of the legal department of Yue Xiu Enterprises. Mr. Liu is mainly responsible for the examination of the correctness and completeness of the records of the operations and transactions and risk management and control, and also responsible for the prevention and management of PRC legal risks, and provides PRC legal support for the REIT Manager's business and investment acquisitions. Mr. Liu assists in compliance work to ensure conformity with the requirements of the regulatory bodies such as the Hong Kong Stock Exchange and the SFC. Mr. Liu is also responsible for the corporate service of the REIT Manager. Mr. Liu joined the GCCD Group in 1999 and worked in legal department. Mr. Liu was involved in the successful listing of Yuexiu REIT. Mr. Liu obtained a bachelor's degree in Engineering from Jilin University of Technology (吉林工業大學) in 1994 and graduated from the Sun Yat-sen University (中山大學) in 2005 with a Juris Master degree. Mr. Liu has a wide range of professional knowledge and has gained professional qualifications successively in the PRC, including Chinese Lawyer Qualification (1996), Certified Public Accountant (1998), Enterprise Legal Consultant (2000) and the Qualification for Registered Tax Agent (2001).

Mr. CHEN Yongqin is currently the general manager of the finance department of the REIT Manager and is responsible for the finance, taxation and fund management of the REIT Manager. Mr. Chen joined GCCD Group in 2005 and has successively held positions such as deputy manager and senior manager of the finance department of a subsidiary of GCCD. Mr. Chen has over 15 years of experience in finance and auditing in the real estate industry. Mr. Chen graduated from the accounting department of Sun Yat-sen University in 2002 with a bachelor's degree in management. Mr. Chen is a Chartered Management Accountant (CIMA), Certified Internal Auditor (CIA), U.S. Certified Information System Auditor (CISA), Certified Fraud Examiner, and U.S. Certified Risk Manager. Mr. Chen is also an associate member of Association of International Accountants (AAIA), member of Australia Institute of Public Accountants (IPA), member of U.K. Institute of Financial Accountants (IFA), member of International Forensic Certified Public Accountants Association and international affiliate of Hong Kong Institute of Certified Public Accountants (HKICPAIA).

Interests of Management and Substantial Unitholders

As at 30 June 2024, the following persons had interests or short positions in the Units, underlying Units of Yuexiu REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the REIT Manager and the Hong Kong Stock Exchange pursuant to the provisions of Part XV of the SFO:

Directors

Name of Director	Nature of Interest	Beneficial interests in Units	Approximate % of Interest
Mr. LIN Deliang	—	Nil	—
Ms. OU Haijing	Beneficial	54,606	0.001093
Mr. LI Feng	Beneficial	5,287	0.0001058
Mr. ZENG Zhizhao	—	Nil	—
Mr. CHAN Chi On, Derek	—	Nil	—
Mr. CHAN Chi Fai, Brian	—	Nil	—
Mr. CHEUNG Yuk Tong	—	Nil	—
Mr. CHEN Xiaoou	—	Nil	—

Substantial Unitholders

The following table sets forth substantial Unitholders of Yuexiu REIT as at 30 June 2024:

Name of Substantial Unitholders	Nature of Interest	Interests in Units	Approximate % of Interest
GZ Yuexiu[(1)]	Deemed	2,660,963,935[(3)]	53.26[(4)]
	Total	2,660,963,935[(3)]	53.26[(4)]
Yue Xiu Enterprises	Beneficial	37,428	—
	Deemed	2,660,926,507[(3)]	53.26[(4)]
	Total	2,660,963,935[(3)]	53.26[(4)]
Yuexiu Property[(2)]	Beneficial	2,425,640	0.05
	Deemed	2,176,338,655[(3)]	43.56[(4)]
	Total	2,178,764,295[(3)]	43.61[(4)]
Dragon Yield Holding Limited	Beneficial	1,762,700,787[(3)]	35.28[(4)]
(“**Dragon Yield**”)	Deemed	—	—
	Total	1,762,700,787[(3)]	35.28[(4)]
Beyond Best Global Limited	Beneficial	225,000,000	4.5038
(“**BBG**”)	Deemed	2,435,963,935	48.761
	Total	2,660,963,935[(5)]	53.26
Radiant World Investment Limited	Deemed	2,660,963,935	53.26
	Total	2,660,963,935[(5)]	53.26
Sun Advance Limited (“**SA**”)	Deemed	2,660,963,935	53.26
	Total	2,660,963,935[(5)]	53.26
TONG WING CHI	Deemed	2,660,963,935	53.26
	Total	2,660,963,935[(5)]	53.26
Victory Success Consulting Limited	Deemed	2,660,963,935	53.26
	Total	2,660,963,935[(5)]	53.26

(1) Further information in relation to interests of corporations controlled by GZ Yuexiu as at 30 June 2024:

Name of Controlled Corporation	**Name of Controlling Shareholder**	**Number of Shares Long Position**	**Direct Interest (Y/N)**	**% Control**	**Short Position**
Yue Xiu Enterprises	GZ Yuexiu	37,428	Y	100.00	—
Yue Xiu Enterprises	GZ Yuexiu	2,660,926,507	N	100.00	—
Bosworth International Limited	Yue Xiu Enterprises	84,564,548	Y	100.00	—
Yuexiu Property	Yue Xiu Enterprises	2,176,338,655	N	43.39	—
Yuexiu Property	Yue Xiu Enterprises	2,425,640	Y	43.39	
Dragon Yield	Yuexiu Property	1,762,700,787	Y	100.00	—
Yue Xiu International Investment Limited (“**YXII**”)	Yuexiu Property	413,637,868	Y	100.00	—
Novena Pacific Limited	Yue Xiu Enterprises	17,703,885	Y	100.00	—
Morrison Pacific Limited	Yue Xiu Enterprises	4,946,376	Y	100.00	—
Greenwood Pacific Limited	Yue Xiu Enterprises	4,248,089	Y	100.00	—
Goldstock International Limited	Yue Xiu Enterprises	1,102,672	Y	100.00	—
Yuexiu Capital Holdings Limited (“**YXCH**”)	Yue Xiu Enterprises	84,940,000	Y	100.00	—
YXCH	Yue Xiu Enterprises	51,274,376	N	100.00	—
Yue Xiu Finance Company Limited	Yue Xiu Enterprises	1,902,194	Y	100.00	—
Golden Harbor Limited (“**GH**”)	YXCH	51,274,376	N	100.00	—
Star Grid Limited	Yue Xiu Enterprises	276,274,376	N	100.00	—
SA	Star Grid Limited	276,274,376	N	100.00	—
Golden Harbor Limited Partnership (“**GHLP**”)	GH as general partner	51,274,376	Y	0.00	—
GHLP	SA as limited partner	51,274,376	Y	100.00	—
BBG	SA	225,000,000	Y	50.00	—

(2) The deemed interest as at 30 June 2024 in 2,176,338,655 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of Yuexiu Property.

(3) The number of units includes 232,808,584 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to Yuexiu Property (or Yuexiu Property’s nominee) at an issue price of HK$3.861652 per Unit. Further details are included in the circular dated 17 December 2021 of Yuexiu REIT.

(4) After deducting the unissued deferred units, the approximate interest held by GZ Yuexiu and Yuexiu Enterprises will be approximately 44.032 per cent., while the approximate interest in Yuexiu REIT held by Yuexiu Property and Dragon Yield will be approximately 38.884 per cent. and 30.624 per cent. respectively.

(5) On 16 June 2022, BBG, owned 50 per cent. by Radiant World Investment Limited, entered into a loan agreement with Yue Xiu Enterprises which agreed to provide a loan of HK$712 million to BBG to acquire 225 million Units. Such loan agreement falls under section 317(1)(b) of the SFO; BBG is deemed to be interested in Yue Xiu Enterprise’s interest of 55.05 per cent. in Units under section 318 of the SFO. On 20 June 2022, BBG entered into an agreement to purchase 225 million Units for HK$3.20 per Unit from GHLP which was completed on 21 June 2022. Further details are included in the announcement on 20 June 2022.

Senior Executives of the REIT Manager

The following table[1] sets forth the interests of senior executives of the REIT Manager of Yuexiu REIT as at 30 June 2024:

Name of Senior Executive	Nature of Interest	Interests in Units	Approximate% of Interest
Mr. LIU Bihong.	Beneficial	225	0.0000045

(1) Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the REIT Manager believe that:

(i) no person (other than a Director) was interested (or deemed to be interested) in Units of Yuexiu REIT, or holds any short position in Units of Yuexiu REIT which were required to be disclosed to the REIT Manager and the Hong Kong Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO; and

(ii) none of the Directors or chief executives of the REIT Manager had any interests (or deemed to be interested) and short positions in the Units, underlying Units of Yuexiu REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the REIT Manager and the Hong Kong Stock Exchange pursuant to Divisions 7, 8 and 9 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), which the REIT Trust Deed, subject to certain exceptions, deems to apply to the Directors and chief executive of the REIT Manager, the REIT Manager and each Unitholder and all persons claiming through or under them.

PRC REGULATIONS

The following discussion summarises certain aspects of PRC laws and regulations that are relevant to the operations and business of Yuexiu REIT. These include laws relating to land, foreign invested enterprises, taxation and foreign exchange controls. For a description of the legal risks relating to government regulations of Yuexiu REIT's business in the PRC, see "Risk Factors".

THE LAND SYSTEM OF THE PRC

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. All land in the urban areas of a city is state-owned, and all land in the rural and suburban areas is, unless otherwise specified by law, collectively-owned. The state has the right to resume its ownership of land or the right to use land in accordance with law if required for the public interest. Although all land in the PRC is owned by the state or by collectives, individuals and entities may obtain land use rights and hold such land use rights for which they are granted land use rights. Individuals and entities may acquire land use rights in different ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights.

PROPERTY LEASING

Both the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Area (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) and the Real Property Administration Law permit leasing of granted land use rights and the buildings or properties constructed on the land. The Measures for Administration of Leasing of Urban Buildings (城市房屋租賃管理辦法) (the "**Urban Buildings Leasing Measures**") were promulgated by the Ministry of Construction in May 1995 in accordance with the Real Property Administration Law in order to strengthen the administration of the leasing of urban buildings, which was subsequently replaced by the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) (the "**Leasing Measures**") promulgated by the MOHURD on 1 December 2010. According to the Leasing Measures, the parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent real estate authorities of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The relevant real estate authorities are authorised to impose a fine below RMB1,000 on individuals, and a fine from RMB1,000 to RMB10,000 on other violators who are not natural persons and fail to comply with the regulations within the specified time limit. The Leasing Measures came into effect as at 1 February 2011 in replacement of the Urban Buildings Leasing Measures.

According to Book Three Contract of the PRC Civil Code which came into effect on 1 January 2021, the term of a contract for leasing of premises and the underlying land use rights must not exceed a maximum term of 20 years.

In Guangdong Province and Guangzhou City, according to the Rules for Leasing of Urban Houses in Guangdong Province (廣東省城鎮房屋租賃條例), a tenant enjoys a right of first refusal to lease the property on similar terms if the landlord offers to lease the property to a third party. The landlord could take a security deposit from the tenant, which amount shall not exceed three months' rent pursuant to the contract. Refund of the security deposit is to be stipulated in the lease contract.

In Shanghai Municipality, according to the Administrative Measures of Shanghai Municipality on Residential Tenancy (上海市居住房屋租賃管理辦法), if the ownership of the house is transferred because of any transaction, exchange, bestowal or inheritance during the term of tenancy, the new owner of the house shall continue to fulfil the original tenancy agreement, and shall not terminate the tenancy agreement solely by reason of the transfer of the ownership of the house.

In Wuhan City, according to the Administrative Measures of Wuhan City on Residential Tenancy (武漢市房屋租賃管理辦法), the tenant shall obtain the written consent from the landlord before subletting the house.

TENANCY LAWS

Book Three Contract of the PRC Civil Code which came into effect on 1 January 2021 provides that the lease agreement shall be in writing if its term is over six months, and the term of any lease agreement shall not exceed twenty years; during the lease term, that any change of ownership to the leased property does not affect the valid leasing contract; that the tenant may sub-let the leased property if it is agreed by the landlord and the lease agreement between the landlord and the tenant is still valid and binding; and that when the landlord is to sell the leased property, it will be required to give the tenant a reasonable advance notice before the sale, and the tenant has the right of priority to purchase the leased property at substantially similar terms (with limited exceptions).

The tenant must pay rent on time in accordance with the lease contract. In the event of default of rental payment without reasonable cause, the landlord may ask the tenant to pay within a reasonable period of time. If the tenant fails to pay rent within the prescribed time limit, the landlord may terminate the lease.

Except as mentioned below, if the landlord wishes to terminate the lease before its expiry date, prior consent shall be obtained from the tenants who are entitled to be indemnified for any resulting loss.

The landlord has the right to terminate the lease and take back the property pursuant to the lease: (i) if the tenant sub-lets the property without prior consent from the landlord, or damages the property by using the property in a manner that is not compliant with the agreed uses that are stipulated in the lease or which arise from the nature of the property, (ii) if the tenant defaults in rental payment without reasonable cause and fails to remedy such default within the reasonable period as requested by the landlord, or (iii) if other circumstances occur allowing the landlord to terminate the lease under the relevant PRC laws and regulations.

SALE AND TRANSFER OF PROPERTY

The PRC authorities have issued a series of laws, rules and regulations in relation to property transactions, for example, the Real Property Administration Law and the Provisions on Administration of Transfer of Urban Real Estate (城市房地產轉讓管理規定) promulgated by the Ministry of Construction in 1995 and further amended in August 2001. Pursuant to such rules and regulations, the property owner has the right in accordance with law to dispose of a property by way of sale, gift, or other forms of transfer and to mortgage the property. The right to ownership of a building and the land use right to the land on which the building is constructed must be transferred or mortgaged at the same time.

The parties to a transfer must enter into a real estate transfer contract in writing and apply for registration of the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of transfer.

In Guangdong Province and Guangzhou City, according to the Rules for Urban Property Transfer in Guangdong Province (廣東省城鎮房地產轉讓條例), the Measures for Leasing of Urban Houses in Guangzhou (廣州市房屋租賃管理規定) and the Rules for Leasing of Urban Houses in Guangdong Province (廣東省城鎮房屋租賃條例), a joint holder, or a lessee of the property has a right of first refusal to purchase such property on the same terms.

In Shanghai Municipality, according to the Measures of Shanghai Municipality on Real Estate Transfers (上海市房地產轉讓辦法), the Administrative Measures of Shanghai Municipality on Residential Tenancy (上海市居住房屋租賃管理辦法), co-owners of a co-owned real estate shall have the pre-emptive right of purchase for the real estate, on equal or more favourable terms, and the tenants of a real estate shall have the pre-emptive right of purchase for the real estate, on equal or more favourable terms.

PROPERTY MANAGEMENT

According to the Regulation on Property Management (物業管理條例) enacted by the State Council on 8 June 2003 and implemented on 1 September 2003, as most recently amended on 19 March 2018 and effective on the same date, the general meeting of owners in a property can appoint and dismiss the property management enterprise. Before the formal appointment of a property management enterprise by the general meeting of the owners, a written temporary service contract should be signed by the construction institutions (for example, a developer) and a property management enterprise.

According to the Rules on Property Management Service Fees (物業服務收費管理辦法) jointly promulgated by the NDRC and the Ministry of Construction on 13 November 2003 and effective on 1 January 2004, the amount of property management fees payable to a property management enterprise as remuneration may be set between the owners and property management enterprises by reference to a fixed management fee or a percentage based management fee. The property management enterprise may collect a fixed management fee from the property owners to cover all operating costs incurred for property management and shall account for any shortfall and retain any surplus. Or, management fees may be charged by reference to a fixed percentage of the total management fees collected. The balance of the fees will be used for covering the operating cost incurred for property management, and the property owners shall account for any shortfall and retain any surplus.

MACROECONOMIC CONTROL MEASURES FOR REAL ESTATE

The General Office of the State Council enacted the Circular on Stabilising Housing Prices (關於切實穩定住房價格的通知) with effect on 26 March 2005, requiring measures to be taken to restrain the housing price from increasing too fast and to promote the healthy development of the real estate market.

On 9 May 2005, the Ministry of Construction, the NDRC, the Ministry of Finance, the MLR, the PBOC, the SAT and the then China Banking Regulatory Commission (the then "**CBRC**", which was merged with the China Insurance Regulatory Commission to form the China Banking and Insurance Regulatory Commission (the then "**CBIRC**") in April 2018; the CBIRC was replaced by National Financial Regulatory Administration in March 2023) jointly issued the Opinion of Stabilising Housing Prices (關於做好穩定住房價格工作的意見) with effect on the same date, followed by a set of new measures. As a result:

- since 1 June 2005, a business tax was levied on property sales proceeds subject to the length of the period for which the property has been held and type of property concerned;

- transfer of uncompleted properties by any pre-sale purchaser has been banned;

- planning review in respect of residential properties which fail to commence construction within two years shall be conducted, and if such residential properties are not in compliance with their respective planning permits, such residential properties will be revoked; and

- land provision for villa construction was banned and land provision for high-end residential property construction was restricted.

On 24 May 2006, the General Office of the State Council further issued a Notice on the Opinions on Adjusting the Housing Supply Structure and Stabilising the Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The notice provided for six broad measures including but not limited to the following specific directives to (i) encourage mass-market residential developments and to curb the development of high-end residential properties, (ii) enforce the collection of business taxes on property sales (business taxes will be levied on the entire sale price of any property sold within five years, or on the profit arising from any property sold after five years subject to possible exemptions for ordinary residential properties), (iii) restrict housing mortgage loans to not more than 70 per cent. of the total property price (for houses purchased for self-residential purposes and with an area of less than 90 sq.m., the owners are still able to apply for housing mortgage up to an amount representing 80 per cent. of the total property price), (iv) halt land supply for villas projects and restrict land supply for high-end, low density residential projects, (v) moderate the progress and scale of demolition of old properties for redevelopment, (vi) local governments are also required to ensure that at least 70 per cent. of the total development and construction area also must consists of units of less than 90 sq.m. in size (with any exceptions requiring the approval of the Ministry of Construction), and (vii) banks are not permitted to provide loans to a property developer whose total capital fund is less than 35 per cent. of the total investment amount in an intended development project. On 31 August 2006, the State Council published the Notice by the State Council on Strengthening the Regulation and Control of the Land (關於加強土地調控有關問題的通知), which regulates the management of land in the PRC and also the protection of cultivated land. According to the notice, land designated for industrial purposes shall be granted by way of tender, auction and invitation for bidding, but in any event shall not be sold below the reserve price.

On 30 September 2007, the MLR issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties of Urban Low-income Families and Further Strengthening Macro-control of Land Supply (關於認真貫徹國務院關於解決城市低收入家庭住房困難的若干意見進一步加強土地供應調控的通知) (amended and effective on 3 December 2010), pursuant to which, at least 70 per cent. of the land supply arranged by the relevant land administration authority at municipality or county level for residential property development for any given year must be used for developing low-to-medium- cost and small-to-medium-size units, low-cost rental properties and affordable housing.

On 18 November 2009, the Ministry of Finance, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). This Notice raises the minimum down-payment for land premium to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

On 7 January 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) effective on the same date, which is also aimed at dampening speculation in the property market and slowing the rate of price increases. The notice, among other things, provides that the minimum down payment for the purchase of a second residential property by any household with mortgage on its first residential property shall be 40 per cent. of the purchase price.

On 8 March 2010, the MLR issued the Notice on Relevant Issues relating to Strengthening the Supply and Supervision of Land Use for Real Estate Property (關於加強房地產用地供應和監管有關問題的通知) effective on the same date. The notice, among other things, provides that: (i) land resource authorities shall strictly control the land supply for large-sized apartments and prohibit the land supply for villas, and (ii) the land use rights grant contract must be executed within ten days after a grant of land has been mutually agreed and a down payment of 50 per cent. of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount to be paid no later than one year after the execution of the land use rights grant contract.

On 17 April 2010, the State Council issued the Notice on Resolutely Curbing the Rapid Rising of Housing Prices in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知) effective on the same date, according to which a stricter differential housing credit policy shall be enforced. It provides that, among other things: (i) for first-time family buyers (including the borrower, his/her spouse and his/her underage children) of apartments larger than 90 square metres, a minimum 30 per cent. down payment must be paid, (ii) the down payment requirement on second-home shall be at least 50 per cent. and also reiterated that the mortgage lending interest rate for such case shall be at least 110 per cent. of the benchmark rate, and (iii) for those who buy three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks can suspend housing loans to buyers who own two or more housing units in places where housing prices are rising too rapidly and are too high, and housing supply is insufficient.

Three authorities, including the MOHURD, the PBOC and the then CBRC, jointly released the Notice on Regulating the Standards for Identifying the Second Set of Housing in Commercial Individual Housing Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知) on 26 May 2010, so as to regulate recognition of the second house of applicants for commercial housing loans (hereinafter referred to as the loan applicants). Under the notice, the number of houses owned by a family in applications for commercial housing loans for individuals shall be calculated according to number of sets of houses which are actually owned by members (including the loan applicant and his/her spouse and under-age children, hereinafter the same) of the family who plans to purchase a house.

On 29 September 2010, the PBOC and the then CBRC issued the Notice on Relevant Issues Relating to the Improvement of Differential Housing Loan Policy (關於完善差別化住房信貸政策有關問題的通知) effective on the same date, which, among other things:

- prohibits commercial banks from providing housing mortgage temporarily to any members of a family unit purchasing the third or the subsequent residential housing or non-local residents who fail to provide local one-year or longer tax payment certificates or social insurance payment certificates;

- prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as: (i) holding idle land, (ii) changing the land use, (iii) delaying the commencement and completion of development, or (iv) intentionally holding properties for future sale, for the purpose of new property development; and

- increase the minimum down payment to at least 30 per cent. of the purchase price of the property.

On 2 November 2010, the Ministry of Finance, the MOHURD, the then CBRC and the PBOC jointly issued the Notice on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20 per cent., where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30 per cent.. Only the housing provident fund-paying families whose floor area per capita is less than local average shall have access to personal housing provident fund loan which is used to buy the second house, and the loan shall be used to buy ordinary self-use house so as to improve dwelling conditions. Where the personal housing provident fund loan is used to buy the second house, the down-payment proportion shall not be lower than 50 per cent., and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. Personal housing provident fund loans for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.

On 26 January 2011, the General Office of the State Council promulgated the Circular on Issues Concerning Further Works of Regulation and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) effective on the same date, as a general rule, municipalities, provincial capitals and cities with high housing prices shall make purchase restrictions for a specified period. In principle: (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one house (whether a new commodity residential house or a second hand one) and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses and a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

Base on the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of Real Property Market (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知), which was jointly promulgated by the MLR and the MOHURD and effective on 19 July 2012, all local governments shall strictly enforce the macroeconomic policy on real estate property market. The grant of real estate property land shall not exceed the upper limit of area and the grant of two or more bundled parcels of lands or uncleared lands is prohibited. The plot ratio of residential land shall not be less than one. Residential construction projects shall be commenced within one year from the land title delivery date which stipulated in the land allocation decision or land grant contract, and shall be completed within three years from the date of commencement. Inspection of land bidders' qualification shall be strictly implemented to preclude bank loans from being used to pay for the land premium. The competent authority of land and resources shall forbid the land users from participating the land bidding for a certain period if the land users: (i) fail to pay land premium in time, (ii) leave the land idle, (iii) reserve lands for future development or speculation, (iv) commit to a construction scale beyond its actual development capacity, or (v) fail to perform land use contract.

The General Office of the State Council of China released the Circular to Further Enhance the Regulation and Control of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) on 26 February 2013, which requires the relevant government entities to strictly implement the existing policies while introducing a new series of cooling policies, both of which are intended to reduce speculation and control China's urban residential housing market.

On 29 September 2014, the PBOC and the then CBRC issued the Notice on Further Improving Housing Financial Services (關於進一步做好住房金融服務工作的通知). The notice requires that: (i) for the first ordinary owner-occupied residential property, a 30 per cent. minimum down payment must be paid and the loan interest rate shall not be less than 0.7 times the benchmark lending rate; (ii) where a family that owns an existing property for which the property purchase loan has been paid up applies for a new loan to purchase the second set of ordinary owner-occupied residential property, banks shall adopt the lending policies applicable to the first ordinary owner-occupied property and (iii) in the cities where the residential property purchase restrictions have been cancelled or are not implemented, if a family that owns two or more properties for which the property purchase loans have been paid up applies for a new loan to purchase additional new property, banks shall determine the down payment ratio and the loan interest rate in a prudent manner based on the borrower's repayment capability, credit standing and other factors.

On 30 March 2015, the PBOC, the MOHURD and the then CBRC issued the Circular on Issues Concerning Policies on Personal Housing Loan (中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知). Pursuant to the notice, where the commercial personal housing loan is used to buy the second ordinary self-use house for promoting the living conditions and in the meanwhile the loan used to buy the first self-use house has not been fully repaid, the down-payment proportion shall be no lower than 40 per cent.; where the personal housing provident fund loan is used to buy the first ordinary self-use house, the down-payment shall be no lower than 20 per cent.; where the personal housing provident fund loan is applied to buy a second house and who has fully repaid the loan in respect of the first house, the down-payment shall be no lower than 30 per cent..

On 30 March 2015, the Ministry of Finance issued the Notice concerning Adjustment of Business Tax Policies Applied on Individual Housing Transfer (關於調整個人住房轉讓營業税政策的通知) which become effective on 31 March 2015, pursuant to which for the sale of an ordinary housing unit more than 2 years after the original purchase date, it shall be exempted from business tax.

On 24 September 2015, the PBOC and the then CBRC jointly issued the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy (中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知), which provides that in cities where "property purchase control measures" are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25 per cent..

On 29 September 2015, the MOHURD, Ministry of Finance and the PBOC jointly issued the Notice of the Ministry of Housing and Urban-Rural Development, the Ministry of Finance and the People's Bank of China on Effectively Raising the Efficiency of Housing Provident Funds Use (住房和城鄉建設部、財政部、中國人民銀行關於切實提高住房公積金使用效率的通知), which took effect on 8 October 2015. The actual amount that can be borrowed by housing provident funds was increased. A city with districts where less than 85 per cent. of housing provident funds was used by the end of August 2015 shall take into comprehensive consideration the local housing price level, loan demand and borrowers' repayment abilities to increase the actual amount of personal housing loans that can be borrowed by housing provident funds. On the premise of ensuring the basic range of living standard of a borrower, the maximum monthly loan repayment by a borrower shall be controlled within the range of 50 per cent. to 60 per cent. of his/her monthly income. The loan repayment period may be extended to five years after a borrower's statutory retirement age, subject to a cap of 30 years. The business of monthly transfer of housing provident funds for loan service shall be pushed forward.

On 1 February 2016, the PBOC and the then CBRC jointly issued the Circular of the People's Bank of China and China Banking Regulatory Commission on Issues Concerning Adjusting the Individual Housing Loan Policies (中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知). This circular specifies that, in principle, in the cities where property purchase control measures are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of its first ordinary residential property shall be 25 per cent. of the purchase price. However, local authorities have been allowed to adjust such down payment ratio to 20 per cent.. Meanwhile, with respect to a household that already owns a residential property with unsettled personal housing commercial loan and applies for another personal housing commercial loan to purchase another ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio for such subsequent purchase shall be at least 30 per cent. of the corresponding purchase price.

On 10 October 2016, the MOHURD issued the Circular on Further Regulating Operations of Real Estate Developers to Safeguard the Real Estate Market Order (關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知), which requires that improper operations of real estate developers shall be investigated and punished according to law. The improper operations include but without limitation releasing false housing information and advertisements, maliciously pushing higher and artificially inflating house prices by spreading fabricated information on property price rises.

Since 2016, the PRC Government has continuously strengthened regulations over the real estate market to restrain the housing price from increasing too fast and to promote the healthy development of the real estate market under the principle that houses are for living in and not for speculative investment.

The MOHURD and the MLR jointly issued the Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply (關於加強近期住房及用地供應管理和調控有關工作的通知) dated 1 April 2017 which provides, among others, that cities and counties that have more than one million inhabitants should make three-year (2017-2019) and five-year (2017-2021) plans for housing land supply, and disclose the plan to the public by the end of June 2017. The circular further requires that local governments should adjust the size, structure and timing of land supply for residential housing in due course based on the period of depleting commodity residential housing inventory. For example, if the above period is longer than 36 months, no more land is to be supplied; if the said period is over 18 months but shorter than 36 months, land supply shall be reduced in size; if the said period is longer than six months but shorter than 12 months, more land shall be provided; however, if the current inventory could be sold in less than six months, land supply shall increase significantly within a short amount of time. In addition, the circular stipulates that local authorities should adopt the examination system of land acquisition capital to insure that the property developers use internal funds to acquire lands and that, if the land bid capital originate from a questionable source, the property developers shall be disqualified and prohibited from bidding for land for a designated time.

On 19 May 2018, the MOHURD issued the Circular on Relevant Issues Concerning Further Works of Regulation and Control of Real Estate Market (關於進一步做好房地產市場調控工作有關問題的通知), which provided for various broad directives and measures to strengthen regulations over, and to promote the healthy development of, the real estate market, including, (i) to continuously strengthen regulations over the real estate market and adhere to the principle that houses are for living in and not for speculative investment etc., (ii) to accelerate the formulation and implementation of housing development plan, (iii) to accelerate the adjust of the structure of housing and land supply, (iv) to effectively strengthen the monitoring and verification of the funds for housing purchase, (v) to enhance the punishments of violations of laws and regulations by real estate companies and intermediary agencies, (vi) to strengthen public opinion guidance and anticipation management, and (vii) to enhance the evaluation of the performance of duties by the local governmental authorities.

On 28 December 2020, the PBOC and the then CBIRC jointly issued the Notice on Establishing a Centralisation Management System for Real Estate Loans of Banking Financial Institutions (關於建立銀行業金融機構房地產貸款集中度管理制度的通知) which becomes effective from 1 January 2021. This notice classifies the banks into five categories and set the upper limits on the proportion of real estate loans and the proportion of personal housing loans according the classification, the former being 40 per cent. and the latter being 32.5 per cent., which is subject to certain range of adjustment based on the characteristics of the local economic and financial development level.

REGULATION OF FOREIGN CURRENCY EXCHANGE AND DIVIDEND DISTRIBUTION

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Regulations of the PRC on Foreign Exchange (中華人民共和國外匯管理條例, the "**Foreign Exchange Regulations**"), promulgated by the State Council on 29 January 1996, as amended on 14 January 1997 and on 5 August 2008. Under the Foreign Exchange Regulations, a domestic institution or individual makes direct investment or issues or trades negotiable securities or derivative products overseas shall handle the registration formalities at SAFE. If the relevant state provisions require it to get the approval of the competent department or archive the issue with the competent department, it shall do so before handling the registration formalities. The State shall implement the scale management of foreign debts. Any institution or individual borrowing foreign debts shall abide by the relevant State provisions and handle the foreign debt registration formalities at a foreign exchange administrative organ. SAFE shall take charge of collecting statistical data about and monitoring the foreign debts of the whole nation, and publish the foreign debt situations on a regular basis.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). On 4 July 2014, SAFE promulgated the Circular on the Relevant Matters Concerning Foreign Exchange Administration on Outbound Investment/Financing and Round-Tripping Investment through Special Purpose Companies by Domestic Residents (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知, hereinafter referred to as "**Circular 37**"). Circular 37 supersedes the aforesaid notice of 2005. According to Circular 37, "special purpose vehicle" refers to an offshore company directly established or indirectly controlled by PRC residents (including PRC entities or PRC individuals) using the assets or rights and interests which they lawfully own in a company in China, or the assets or rights and interests which they lawfully own offshore, for the purpose of engaging in investment or financing activities. The definition of "round-tripping investment" under Circular 37 is broad as it refers to the direct investment activities conducted by PRC residents through a SPV, either directly or indirectly, including establishing foreign invested enterprises or projects in the PRC by way of new establishment, merger and acquisition and so forth, and obtaining rights and interests therein such as ownership, control, operating and management rights and so forth. Under Circular 37, SAFE registration is required to be completed before the injection of assets or interests into the "special purpose vehicle".

On 1 September 2006, the Ministry of Construction and SAFE promulgated the Notice on the Issues Concerning the Regulation of Foreign Exchange Administration of the Real Estate Market (關於規範房地產市場外匯管理有關問題的通知) as amended on 4 May 2015. This notice states that: (i) where foreign exchange is remitted for a real estate purchase, the foreign purchaser shall be subject to examination by the designated foreign exchange bank, and the remitted funds shall be directly remitted by the bank to the CNY account of the real estate development enterprise and no payment remitted from abroad by the purchasers shall be kept in the foreign exchange current account of the real estate development enterprises, (ii) where the real estate purchase fails to complete and the foreign purchaser intends to remit the purchase price in CNY back to foreign currencies, the foreign purchaser shall be subject to examination by the designated foreign exchange bank, (iii) when selling real estates in the PRC and the purchase price received in CNY is remitted to foreign currencies, the foreign purchaser shall be subject to examination by the local branch of SAFE, and (iv) if the relevant land use right certificate has not been obtained or the paid-in capital is less than 35 per cent. of the total investment amount of the project, a foreign-invested real estate enterprise is prohibited from borrowing any foreign loans from any foreign lenders and SAFE shall not approve the settlement of any foreign loans.

On 30 March 2015, SAFE promulgated Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**"), which became effective on 1 June 2015 and was later amended on 30 December 2019. On 9 June 2016, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Management Policies Regarding the Settlement under Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) ("**Circular 16**"). Pursuant to Circular 19 and Circular 16, the foreign exchange capital of foreign-invested enterprises shall be subject to the discretional foreign exchange settlement, which refers to that the foreign exchange capital in the capital account of foreign-invested enterprises can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is temporarily determined as 100 per cent.. SAFE can adjust the aforementioned proportion in due time based on the situation of international balance of payments.

On 25 September 1996, the PBOC issued the Measures for the Administration of Foreign Security by Domestic Institutions (境內機構對外擔保管理辦法) The said measures were abolished by the PBOC in 2014.

The Foreign Exchange Administrative Rules on Cross-border Security (跨境擔保外匯管理規定) ("**Circular 29**") was issued by SAFE on 12 May 2014 and became effective on 1 June 2014. The Implementing Rules of the Administration of Foreign Security by Domestic Institutions (境內機構對外擔保管理辦法實施細則) and the Notice on Administration of Foreign Security by Domestic Institutions (國家外匯管理局關於境內機構對外擔保管理問題的通知) were abolished at the same time.

Under Circular 29, cross-border security (including guarantees, mortgages and pledges etc. for the purpose of Circular 29) will be classified into three categories: (i) onshore security and offshore lending (內保外貸), (ii) offshore security and onshore lending (外保內貸) and (iii) other cross-border security (其他形式跨境擔保).

The onshore security and offshore lending (內保外貸) arrangement will refer to a circumstance where the guarantor or security provider is a PRC entity and the beneficiary (creditor) and the party whose debt obligations is guaranteed/secured are offshore entities. In respect of such arrangement, Circular 29 sets forth that:

- PRC financial institutions, non-financial institutions and individuals may provide onshore securities to support offshore lending. They will need only to file with or report to SAFE (instead of prior approval).

- The funds so raised shall not be used by the party whose debt obligations is guaranteed/secured to engage in businesses outside its normal business scope. Such funds may not be repatriated for domestic use directly or indirectly by means of equity, debt, other investments, etc.

Under an offshore security and onshore lending (外保內貸) arrangement, the guarantor or security provider will be an offshore entity and the beneficiary (creditor) and the party whose debt obligations is guaranteed/secured will be both PRC entities. According to Circular 29, a PRC company may obtain a guarantee or security from an offshore entity for its onshore debts only if the lender of the onshore debt will be a PRC financial institution and such borrower will be a non-financial institution and such onshore debts will be loan debts (excluding entrusted loans).

Circular 29 provides that, in respect of other cross-border security (其他形式跨境擔保) which are in compliance with applicable laws and Circular 29, no filings with or reporting to SAFE will be necessary unless otherwise expressly required by SAFE.

On 26 January 2017, SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Genuineness and Compliance Review and Verification Process (關於進一步推進外匯管理改革完善真實合規性審核的通知) ("**SAFE Circular 3**"), which removes certain restrictions on the use of proceeds raised under an onshore security and offshore lending (內保外貸) structure and generally allows the proceeds raised under an onshore security and offshore lending (內保外貸) structure to be repatriated onshore and used in the PRC by way of loans and equity investments directly or indirectly.

Dividend Distribution and Remittance

The principal PRC regulations governing the distribution of dividends by PRC subsidiaries are: (i) the Company Law of the People's Republic of China (中華人民共和國公司法), promulgated by the Standing Committee of the NPC on 29 December 1993, as most recently amended on 29 December 2023 and (ii) the Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法) promulgated by the Standing Committee of the NPC on 15 March 2019 and effective on 1 January 2020, which replaced the Wholly Foreign-Owned Enterprise Law of the People's Republic of China (中華人民共和國外資企業法), the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) and the Law of the People's Republic of China on Sino-foreign Co-operation Joint Ventures (中華人民共和國中外合作經營企業法) and their implementation regulations as of 1 January 2020 in principles.

Under these PRC laws and regulations, subsidiaries in the PRC may only pay dividends out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a subsidiary in the PRC is required to, after making up losses (including losses in previous years, if any), set aside at least 10.0 per cent. of its after-tax income each year, if any, to fund a reserve fund until the accumulated reserve amounts to 50.0 per cent. of its registered capital. In addition, under the EIT Law and its implementing regulations, dividends received by a PRC non-resident enterprise from its direct equity investment in PRC resident enterprises shall be subject to withholding of PRC enterprise income tax at the rate of 10 per cent. or a preferential rate if tax treaty benefits are available, and the dividends (not including investment income from stocks issued publicly by other PRC resident enterprises and traded on stock exchanges where the holding period is less than 12 months consecutively) received by a PRC resident enterprise from its direct equity investment in other PRC resident enterprises shall be exempted from enterprise income tax.

Pursuant to the Circular on Further Improving and Adjusting Foreign Exchange Policies for Capital Accounts (國家外匯管理局關於進壹步改進和調整資本項目外匯管理政策的通知) issued by SAFE on 10 January 2014 and Circular on Further Promoting Trade and Investment Facilitation and Improving Authenticity Review (國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知) issued by SAFE on 26 April 2016 and SAFE Circular 3, in the case of any remittance of dividends of more than U.S.$50,000, certain documents, including the evidence that the relevant PRC taxes have been paid (the original of the tax record-filing form), resolution of the board of directors (or resolution of partners) for profit distribution and audited financial statements, shall be presented to the designated foreign exchange bank, while in the case of any remittance of dividends of U.S.$50,000 or less, the designated exchange bank, in principle, is not required to review relevant transaction documents (交易單證) unless the nature of such foreign exchange remittance is unclear.

Shareholder Loan and Foreign Debt

A shareholder loan made by foreign investors as shareholders to foreign invested enterprises is regarded as foreign debt in the PRC, which is subject to a number of PRC laws and regulations, including the Foreign Exchange Regulations (中華人民共和國外匯管理條例) promulgated by the State Council on 29 January 1996, as amended on 14 January 1997 and on 5 August 2008; the Statistical Monitoring of Foreign Debts Tentative Provisions (外債統計監測暫行規定) promulgated by SAFE and effective on 27 August 1987 and later amended on 29 November 2020; the Regulations of Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the PBOC on 20 June 1996 and effective on 1 July 1996; and the Administrative

Measures for the Registration of Foreign Debt and the Operational Guidelines for the Registration of Foreign Debt (外債登記管理辦法和外債登記管理操作指引) (the "**SAFE Measures**") issued by SAFE on 28 April 2013 as amended on 4 May 2015; the Circular on Promoting the Reform of the Filings and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) (the "**NDRC Circular**") issued by the NDRC on 14 September 2015 which has been replaced by the Order 56 effective on February 10, 2023; the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) ("**PBOC Circular 9**") issued by the PBOC in January 2017.

Under the SAFE Measures, a shareholder loan of a foreign debt nature made to foreign invested enterprises does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branch in accordance with relevant PRC laws and regulations. Foreign debts obtained by foreign invested enterprises are capped at the percentage of foreign capital injected multiplied by the difference between their respective amounts of "total investment" and "registered capital" as approved by the Ministry of Commerce of the People's Republic of China or its local counterparts. "Total investment" is the projected amount of funds necessary for a foreign-invested enterprise to attain the production or operational capacity set out in its joint venture contract and/or articles of association, whereas, "registered capital" refers to the equity or capital contributions to be paid in full by the foreign investors and their Chinese partners (if any). In addition, pursuant to the SAFE Measures, a foreign-invested real estate enterprise is prohibited from raising any foreign debt if (i) it was established on or after 1 June 2007; (ii) the relevant land use right certificate has not been obtained or the paid-in capital is less than 35 per cent. of the total investment amount of a project; or (iii) it fails to satisfy certain requirements related to the difference between their respective amounts of "total investment" and "registered capital".

The NDRC issued the Order 56 on 5 January 2023, which came into effect on 10 February 2023 and repealed the NDRC Circular on the same day. According to the Order 56, an enterprise shall undergo formalities for approval and registration procedure managed by the NDRC to obtain the Certificate of Review and Registration. Without prior approval and registration, no foreign debt may be borrowed. The Order 56 further (i) tightens requirements on the condition of enterprises for borrowing foreign debt; (ii) clarifies the penalties and legal liability of non-compliant enterprises, relevant intermediaries and responsible persons; (iii) broadens the scope of responsibility of such enterprises, intermediary or person; and (iv) increases the legal consequences for non-compliant entities. The Order 56 also prohibit foreign debt proceeds from being used to threaten information and data security, to increase local government's hidden debts, or for speculative purposes. Under the Order 56, the enterprise shall, (i) within 10 working days after the borrowing of each foreign debt, submit the information on the borrowed foreign debt to the NDRC, (ii) within 10 working days after the expiration of the Certificate of Review and Registration, file a report with the NDRC on the status of the borrowed foreign debt, and (iii) within five working days prior to the end of January and end of July each year, file a report with the NDRC detailing the deployment of proceeds as of the applicable period, the status of payment obligations, as well as material information pertaining to the issuer's (or the guarantor's, as the case may be) operations. Where a material development which may affect the issuer's (or the guarantor's, as the case may be) ability to perform its obligation to repay its debt securities happened, or upon the occurrence of any material development, the enterprise shall file a report with the NDRC in a timely manner. According to the detailed guideline of the Order 56 available on the official website of the NDRC, the relevant pre-issuance registration certificate for foreign debts, which were obtained in accordance with the NDRC Circular and within their effective period, shall remain in force after the implementation of the Order 56, and enterprises shall borrow the foreign debts in accordance with such registration certificates, and comply with the relevant requirements relating to the risk management of foreign debts and ongoing and post-event supervisions under the Order 56.

Under PBOC Circular 9, non-financial institutions and financial institutions with legal person status incorporated in the PRC are permitted to incur foreign debts, **provided that** their cross-border financings risk-weighted balance (跨境融資風險加權餘額) does not exceed their individually calculated cross-border financing risk-weighted balance ceiling (跨境融資風險加權餘額上限). Pursuant to PBOC Circular 9, foreign-invested enterprises (excluding foreign-invested real estate enterprises) and foreign financial institutions are granted a one-year transitional period from the date of issue of PBOC Circular 9, during which they may either: (i) opt into the foreign debt quota regime under the PBOC Circular 9; or (ii) stick to the current foreign debt quota regime. Upon expiration of the transitional period, PBOC Circular 9 shall be applied to foreign financial institutions automatically, whilst the applicable regime of cross-border financing on foreign-invested enterprises will be decided by the PBOC and SAFE after evaluation of the roll out of the new regime (while the PBOC and SAFE have not promulgated the regulatory regime of cross-border financing on foreign-invested enterprises to date and there have been pilot polices in pilot areas which allow foreign-invested enterprises to change from the current foreign debt quota regime to the foreign debt quota regime under the PBOC Circular 9). Please also note that PBOC Circular 9 is not applicable to government financing platforms and real estate enterprises.

PRC TAXATION

Enterprise Income Tax

According to the EIT Law, a uniform income tax rate of 25 per cent. is applied equally to domestic enterprises, foreign invested enterprises and the institutions or establishments set up by non-PRC resident enterprises in China. Pursuant to the EIT Law, dividends and interests payable to a non-PRC resident enterprise are subject to a 20 per cent. withholding tax, the percentage of which was reduced to 10 per cent. in accordance with the Implementation Rules of EIT Law (see the below paragraph), unless the jurisdiction of incorporation for the foreign investor has a tax treaty with China that provides for a different withholding arrangement or such enterprises qualify for certain exemptions or enjoy preferential treatment.

According to the Implementation Rules of the PRC on the Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) (the "**Implementation Rules of EIT Law**") promulgated by the State Council on 6 December 2007 and effective 1 January 2008, as amended on 23 April 2019, a reduced income tax rate of 10 per cent. is applicable to any dividends payable to non-PRC resident enterprises from foreign-invested enterprises.

Non-PRC resident enterprises, except for its institutions or establishments in China, directly owning and realising rental income or gains from Chinese real estate are taxable on their income and gains on a gross income withholding basis. The rate is 10 per cent. under the Implementation Rules of the EIT Law.

Under the EIT Law, enterprises established outside of the PRC whose "*de facto* management bodies" are located in the PRC are considered "resident enterprises" and will generally be subject to the uniform 25 per cent. EIT rate on their global taxable income. The Implementation Rules of the EIT Law defines "*de facto* management" as "substantial and overall management and control over the production and operations, personnel, accounting, properties, etc. of an enterprise". The State Administration of Taxation of the PRC promulgated the Circular on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in Accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) on 22 April 2009, as amended on 29 December 2017, which further defines in detail the term "*de facto* management bodies" in respect of an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC company or PRC corporate group as its primary controlling shareholder. However, no further detailed definition of "*de facto* management bodies" is provided for enterprises established offshore by private individuals or foreign enterprises.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), dividend payments to shareholders in Hong Kong would be withheld at a rate of 5 per cent. if their investment ratio in invested entities in the PRC is above 25 per cent., or 10 per cent. if their investment ratio in invested entities in the PRC is below 25 per cent..

VAT

According to Circular 36, VAT replaces business tax as of 1 May 2016 and VAT is applicable where entities or individuals provide taxable services related to such within the PRC. Provision of loans is a type of financial service and is subject to VAT at 6 per cent..

According to the Provisional Regulations on the Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) which was revised by the State Council on 19 November 2017 and came into effect on the same date, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or other services, intangible assets or real property in PRC, or import commodities within PRC's territories are subject to VAT. Under the said regulations, rental income derived from the leasing or sales of real estates is subject to VAT at a tax rate of 11.0 per cent. for general taxpayers while subject to VAT at a levy rate of 3 per cent. for small-scale taxpayers.

According to a decision made at a State Council executive meeting on 28 March 2018, starting from 1 May 2018, the tax rate of VAT has been lowered from 17 per cent. to 16 per cent. for manufacturing and some other industries, and from 11 per cent. to 10 per cent. for transportation, construction, leasing or sales of real estates, basic telecommunication services and some other industries and agricultural products.

According to the Announcement on Relevant Policies for Deepening Value-added Tax Reform (關於深化增值稅改革有關政策的公告) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on 20 March 2019, starting from 1 April 2019, the tax rate of VAT has been further lowered from 16 per cent. to 13 per cent. for manufacturing and some other industries, and from 10 per cent. to 9 per cent. for transportation, construction, leasing or sales of real estates, basic telecommunication services and some other industries and agricultural products.

The VAT Law (中華人民共和國增值稅法) which was promulgated on 25 December 2024 and will come into effect on 1 January 2026 by Standing Committee of the NPC. The VAT Law further regulates the collection and payment of VAT and protects the legitimate rights and interests of taxpayers.

Deed Tax

Pursuant to the Law of the People's Republic of China on Deed Tax (中華人民共和國契稅法) promulgated by the State Council on 11 August 2020 and effective from 1 September 2021, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be responsible for the payment of deed tax at a rate of 3 per cent. to 5 per cent. of the purchase price (the "**Deed Tax**"). The relevant local PRC government entities may, within the Deed Tax range, determine and report their effective tax rates to the Ministry of Finance and the SAT. The Deed Tax rate applicable in Guangdong Province is 3 per cent. pursuant to the Decision of the Standing Committee of the Guangdong Provincial People's Congress on Matters Relating to the Specific Applicable Tax Rate of Deed Tax in Guangdong Province (廣東省人民代表大會常務委員會關於廣東省契稅具體適用稅率等事項的決定) issued on 30 July 2021. The Deed Tax rate applicable in Shanghai Municipality is 3 per cent. pursuant to the Notice on the Applicable Tax Rate of Deeds in the City and Other Matters (關於本市契稅適用稅率標準等事項的通知) issued by the Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Administration of Taxation on 19 August 2021 and effective from 1 September 2021. The Deed Tax rate applicable in Hubei Province is 3 per cent. pursuant to the Decision of the Standing Committee of the People's Congress of Hubei Province on the Specific Applicable Tax Rate of Deed Tax and the Method of Exemption and Reduction of Deed Tax (關於契稅具體適用稅率及免徵減徵辦法的決定) issued by the Standing Committee of the People's Congress of Hubei Province on 30 July 2021. The Deed Tax rate applicable in Zhejiang Province is 3 per cent. pursuant to the Decision on matters such as the specific applicable tax rate for deed tax (關於契稅具體適用稅率等事項的決定) issued by the Standing Committee of the Zhejiang Provincial People's Congress on 30 July 2021.

However, the rate of Deed Tax applicable to the case that an individual purchases an house shall be subject to a series of rules enacted for the purpose of stabilising housing price, including the Circular on the Adjustments to Taxation on Real Property Transactions (財政部、國家稅務總局關於調整房地產交易環節稅收政策的通知) jointly promulgated by the Ministry of Finance and the State Administration of Taxation on 22 October 2008 which took effect on 1 November 2008, and the Circular on Adjustment of Preferential Policies Regarding Deed Tax and Business Tax Incurred in Transfer of Real Property (財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the MOHURD on 17 February 2016 which took effect on 22 February 2016.

Real Estate Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Real Estate Tax (the "**Real Estate Tax**") (中華人民共和國房產稅暫行條例) issued by the State Council on 15 September 1986 (with effect from 1 October 1986) and amended on 8 January 2011, the Real Estate Tax applies to real estate owners, with varying rates and computation methods. For self-use properties that are not held solely for investment, the Real Estate Tax is 1.20 per cent. of the adjusted cost (with a 10.0 per cent. to 30.0 per cent. deduction from original cost) of the property. The relevant deduction rate is 30.0 per cent. in Guangzhou pursuant to the Implementing Rules of Guangdong Province Regarding Real Estate Tax (廣東省房產稅施行細則) issued by the Guangdong Provincial Government on 31 December 1986 and amended on 29 September 2021. Where properties are held for lease, the tax is imposed at a rate of 12.0 per cent. (or 4 per cent. for individual owners under the lease) on annual rental income. The following categories of buildings shall be exempt from Real Estate Tax: (i) a building of governmental agencies, people's organisations and the armed forces for their own uses, (ii) a building of institutions whose operating expenses are allocated by State finance departments for their own uses, (iii) a building of religious temples and shrines' parks and places of historic interest and scenic beauty for their own uses, (iv) a building owned by individuals for non-business purposes and (v) tax exemption approved by the Ministry of Finance for other buildings.

According to the Circular on Issues Relating to Assessment of Real Estate Tax against Foreign-invested Enterprises and Foreign Individuals (財政部、國家稅務總局關於對外資企業及外籍個人徵收房產稅有關問題的通知) promulgated by the Ministry of Finance and the State Administration of Tax on 12 January 2009, foreign-invested enterprises, foreign enterprises and foreign individuals have been levied Real Estate Tax since 1 January 2009.

However, Real Estate Tax on part of individual residential properties has been levied on a trial basis in some cities, such as Shanghai Municipality and Chongqing Municipality.

Urban Land Use Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Land Use Tax with respect to Urban Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on 27 September 1988 and as amended on 31 December 2006, on 7 December 2013 and on 2 March 2019, the Urban Land Use Tax with respect to urban land is levied according to the area of relevant land. Urban Land Use Tax shall be collected from domestic enterprises and individuals, foreign companies and foreign-invested enterprises, which enjoy land use rights in respect of land in cities, county towns, administrative towns and industrial and mining districts. The annual tax on every sq.m. of urban land shall be from RMB0.6 to RMB30.0. The specific rates will be determined by the local authorities, depending on the size of their locations, taking into account the local economies and property prices.

Stamp Duty

Under the Stamp Duty Law of the People's Republic of China (中華人民共和國印花稅法) promulgated by the NPC Standing Committee on 10 June 2021 and effective on 1 July 2022, for building property transfer instruments, including those with respect to property ownership transfer, the duty rate shall be 0.05 per cent. of the amount stated therein; for building leases, the duty rates is 0.1 per cent. of the rental; for permits and certificates relating to rights, including property title certificates and land use rights certificates.

According to the Circular on the Adjustments to Taxation on Real Property Transactions (財政部、國家稅務總局關於調整房地產交易環節稅收政策的通知) jointly promulgated by the Ministry of Finance and the State Administration of Taxation on 22 October 2008 which took effect on 1 November 2008 and amended on 29 September 2010, the selling or purchase of houses by individuals is exempted from paying Stamp Duty.

Land Appreciation Tax

Under the Provisional Regulations of the People's Republic of China On Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) promulgated by the State Council on 13 December 1993 with effected from 1 January 1994 as subsequently amended on 8 January 2011, Land Appreciation Tax is levied on certain gains realised from real property transactions at progressive rates from 30 per cent. to 60 per cent., based on the "appreciation amount" which is the consideration amount received from the transfer of land use rights, buildings or other facilities on such land less the "deductible items" that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with land development;
- construction costs and charges in the case of newly constructed buildings and ancillary facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of land use rights, buildings or other facilities on such land; and
- other deductible items allowed by the Ministry of Finance.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them or any other persons involved in the offering and sale of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax.

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Notes accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose "*de facto* management bodies" are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The EIT Laws provide that the "*de facto* management body" of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "*de facto* management body" of the Issuer and the Guarantor are within the territory of the PRC, the Issuer and the Guarantor may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and income or gains paid with respect to the Notes may considered to be derived from sources within the PRC.

Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on PRC-source income paid to a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Notes may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10 per cent.. Further, in accordance with the Individual Income Tax Law of the PRC (the "**IIT Law**") which was amended on 30 June 2011 and 31 August 2018, and took effect on 1 January 2019 and its implementation regulations, if the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Notes may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the Notes. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Notes.

As confirmed by the Issuer and the Guarantor, as at the date of this Offering Circular, the Issuer and the Guarantor have not been given notice or informed by the PRC tax authorities that they are considered PRC tax resident enterprises for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Notes will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer and the Guarantor will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realised by a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The IIT Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realised by non-resident individuals. If the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realised by holders of the Notes are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Notes.

VAT

According to Circular 36, entities and individuals providing services within the PRC are subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes may be regarded as financial services by holders of the Notes and the payments of the interest and other interest like earnings under the Notes received by a holder of the Notes from the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) may be subject to VAT at the rate of 6 per cent. under Circular 36. According to the VAT Law, the selling of financial product will be subject to PRC VAT if the financial product is issued within the PRC or the sellers of the financial product are PRC entities or individuals. Therefore, with the implementation of the VAT Law, it will be clearer that the payments of the interest and other interest like earnings under the Notes received by a holder of the Notes from the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) are unlikely to be subject to VAT because the Notes are not issued within the PRC, and neither the Issuer nor the Guarantor are PRC enterprises. However, since the VAT Law is newly published, there is uncertainty as to whether VAT will be imposed on the payments of the interest and other interest like earnings under the Notes received by a holder of the Notes.

VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Stamp Duty

According to Stamp Duty Law of the PRC (中華人民共和國印花稅法), enterprises or individuals of the PRC which written taxable certificates and conducted securities transactions within the territory of the PRC shall be obliged to pay relevant stamp duties in accordance with the provisions therein. A taxpayer shall calculate the amount of stamp duty payable according to the nature of the taxable instruments.

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the bonds or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine of up to 20 times the amount of stamp duty payable, depending on the seriousness of the individual case. Investors should further consult their own legal and tax advisers in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Notes.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA ("**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "**foreign passthru payments**" are filed with the U.S. Federal

Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Issuer and the REIT Manager have entered into a subscription agreement with the Joint Lead Managers dated 26 March 2025 (the "**Subscription Agreement**"), pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to issue and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Notes set forth opposite their respective name below.

Joint Lead Managers	**Principal amount of the Notes to be subscribed**
CLSA Limited	CNY 200,000,000
CMB International Capital Limited	CNY 200,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	CNY 100,000,000
DBS Bank Ltd.	CNY 100,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	CNY 100,000,000
China Securities (International) Corporate Finance Company Limited	CNY 100,000,000
Yue Xiu Securities Company Limited	CNY 100,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	CNY 20,000,000
Guotai Junan Securities (Hong Kong) Limited	CNY 20,000,000
Haitong International Securities Company Limited	CNY 20,000,000
China CITIC Bank International Limited	CNY 20,000,000
Chong Hing Bank Limited	CNY 20,000,000
Total	**CNY1,000,000,000**

The Subscription Agreement provides that the Issuer and the REIT Manager will jointly and severally indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer has agreed to pay, failing whom the REIT Manager agrees to pay, the Joint Lead Managers a combined management and underwriting commission in connection with the offering.

In connection with the issue of the Notes, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) (provided that China CITIC Bank International Limited shall not be appointed and acting as the Stabilisation Coordinator), may, to the extent permitted by applicable laws and directives, over-allot the Notes and effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) shall act as principal and not as agent of the Issuer, the REIT Manager or the Guarantor and any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilisation Manager(s) or, as the case may be, the Joint Lead Managers in the manner agreed by them. However, there is no assurance that the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) will undertake Stabilisation action.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer, the REIT Manager, the Guarantor and/or their respective subsidiaries or affiliates for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, the REIT Manager and/or the Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, the REIT Manager, the Guarantor and/or their respective subsidiaries or affiliates, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, the REIT Manager and/or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained. The Issuer, the REIT Manager, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, the REIT Manager, the Guarantor and/or their respective subsidiaries or affiliates, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer, the REIT Manager, the Guarantor and/or their respective subsidiaries or affiliates, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer, the REIT Manager, the Guarantor and/or their respective subsidiaries or affiliates.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT — IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer, the Guarantor, the REIT Manager or Yuexiu REIT. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: ProjectSkyLake@clsa.com; projectskylake@cmbi.com.hk; DCMOmnibus@dbs.com; dcm_hk@czbank.com; dcm_hk@csci.hk; DebtSyndicate@csci.hk; dcm@yxsh.hk/ dcm@yxsh.com.cn; dcm@xyzq.com.hk and dcm@htisec.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the REIT Manager, Yuexiu REIT, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of the Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (A) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (B) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong Special Administrative Region or Macao Special Administrative Region or Taiwan), except as permitted by applicable laws of the PRC.

British Virgin Islands

Each Joint Lead Manager has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing of the Notes:** The Notes have been accepted for clearance through CMU under the CMU Instrument Number BOAKFB25015 and an ISIN HK0001120705 and a Common Code 302935718.

2. **Authorisations:** Each of the Issuer, the REIT Trustee and the REIT Manager has obtained all necessary consents, approvals and authorisations in connection with the entry into, issue and performance of their respective obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised by the resolution of the board of directors of the Issuer dated 14 March 2025 and the resolutions passed at the meetings of the board and the relevant committees of the REIT Manager, each held on 14 March 2025. The giving of the Guarantee was authorised by resolutions of the board of directors of the REIT Trustee passed on 14 January 2008.

3. **Registrations and Filings:** GZ Yuexiu has received an Enterprise Foreign Debt Pre-Issuance Registration Certificate dated 29 April 2024 from the NDRC with respect to the Pre-Issuance Registration, pursuant to which Yuexiu REIT could issue the Notes, and which as at the date of this Offering Circular, remains valid and in full force and effect. The Issuer or the REIT Manager will be required to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes, within the relevant prescribed timeframes after the Issue Date and in accordance with the Order 56 and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

4. **No Material Adverse Change:** Since 31 December 2024, there has been no material adverse change or development or event involving a prospective change, in the condition (financial or otherwise), prospects, results of operations or general affairs of the Issuer, Yuexiu REIT or the Group.

5. **Legal and Arbitration Proceedings:** From time to time, the Issuer, the REIT Manager, Yuexiu REIT or any other members of the Group may be involved in litigation that arise during the ordinary course of business. However, none of the Issuer, the REIT Manager, Yuexiu REIT or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which any of them is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial condition or profitability of the Issuer, Yuexiu REIT or the Group.

6. **Available Documents:** So long as any of the Notes is outstanding, copies of the Trust Deed and the Agency Agreement will be available (i) for inspection by the Noteholders at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) at the principal office of the Trustee (being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and the specified office of the CMU Lodging and Paying Agent following prior written request and proof of holding and identity to the satisfaction of the Trustee or the CMU Lodging and Paying Agent, as the case may be, and (ii) electronically from the CMU Lodging and Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent.

7. **Consolidated Financial Statements:** Ernst & Young, Yuexiu REIT's independent auditor, has audited the consolidated financial statements of Yuexiu REIT as at and for the year ended 31 December 2023 in accordance with Hong Kong Standards on Auditing issued by the HKICPA and rendered unqualified audit opinions thereon. Ernst & Young has agreed with the consolidated financial statements of Yuexiu REIT as at and for the year ended 31 December 2024.

8. **Listing of Notes:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes, by way of debt issues to Professional Investors only and it is expected that permission to deal in, and listing of, the Notes on the Hong Kong Stock Exchange will become effective on 3 April 2025.

DEFINITIONS

In this Offering Circular (other than in the Terms and Conditions of the Notes), the following expressions have the meanings set out below unless the context otherwise requires:

"**connected person**"	has the meaning given to this term in paragraph 8.1 of the REIT Code
"**Director(s)**"	the director(s) of the REIT Manager
"**EIT Law**"	has the meaning given to this term in the section headed "*Risk Factors — Risks Relating to the PRC*"
"**GDP**"	gross domestic product
"**GFA**"	gross floor area
"**Group**"	Yuexiu REIT and its subsidiaries
"**Guarantor**"	the REIT Trustee in its capacity as the guarantor of the obligations of the Issuer in respect of the Notes
"**GZ Yuexiu**"	Guangzhou Yuexiu Holdings Limited (廣州越秀集團股份有限公司)
"**Hangzhou Victory Business Center**"	has the meaning given to this term in the section headed "*Description of Yuexiu REIT — The Portfolio — Hangzhou Victory Business Center — Overview*"
"**HKFRSs**"	Hong Kong Financial Reporting Standards
"**HKICPA**"	Hong Kong Institute of Certified Public Accountants
"**Independent Property Valuer**"	means the independent property valuer appointed by Yuexiu REIT in accordance with the REIT Code, being Colliers International (Hong Kong) Limited for the purposes of the valuation conducted as of the Valuation Reference Date
"**Independent Third Party**"	means persons who, so far as the REIT Manager is aware, after due enquiry, are not connected persons of Yuexiu REIT or Yuexiu Property and who are parties independent of Yuexiu REIT, Yuexiu Property and their respective connected persons and are not acting in concert with Yuexiu Property
"**Investor's Currency**"	has the meaning given to this term in the section headed "*Risk Factors — Risks Relating to the Market Generally*"
"**IRO**"	has the meaning given to this term in the section headed "*Taxation — Hong Kong — Profits Tax*"
"**Issuer**"	Moon King Limited, a company incorporated in the British Virgin Islands with limited liability and which is wholly-owned by the REIT Trustee in its capacity as trustee of Yuexiu REIT, carrying on business in Hong Kong under the name of Yuexiu REIT Moon King Limited

“**Latest Practicable Date**”	25 March 2025, being the latest practicable date prior to the printing of this Offering Circular for the purpose of ascertaining certain information contained in this Offering Circular
“**NDRC**”	National Development and Reform Commission of the PRC
“**NDRC Circular**”	the Circular on Promoting the Reform of the Filings and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))
“**Order 56**”	Administrative Measures for the Review and Registration of Medium and Long-term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》)
“**PBOC**”	the People’s Bank of China
“**REIT**”	a Hong Kong collective investment scheme constituted as a unit trust and authorised under Section 104 of the SFO subject to applicable conditions from time to time (whose Units are listed on the Hong Kong Stock Exchange), and the companies controlled by it, as the context requires
“**REIT Code**”	the Code on Real Estate Investment Trusts published by the SFC, as amended, supplemented or otherwise modified from time to time
“**REIT Manager**”	Yuexiu REIT Asset Management Limited (in its capacity as manager of Yuexiu REIT), a company incorporated under the laws of Hong Kong and licensed by the SFC to conduct the regulated activity of asset management
“**REIT Trustee**”	HSBC Institutional Trust Services (Asia) Limited, a company incorporated under the laws of Hong Kong and licensed by the SFC to conduct the regulated activity of providing depository services for SFC-authorised collective investment schemes, in its capacity as trustee of Yuexiu REIT
“**SAFE**”	the State Administration of Foreign Exchange of the PRC
“**SFC**”	the Securities and Futures Commission of Hong Kong
“**SFO**”	the Securities and Futures Ordinance (Cap. 571) of Hong Kong (as amended from time to time)
“**SPV**”	special purpose vehicle
“**sq.m.**”	square metres
“**Unit(s)**”	one undivided unit in the REIT, and Units shall be construed accordingly
“**Unitholder(s)**”	any person registered as holding a Unit on the register of Unitholders of Yuexiu REIT and any person holding Units through Central Clearing and Settlement System)

"**Valuation Reference Date**"	31 December 2024
"**Yue Xiu Enterprises**"	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a company incorporated in Hong Kong with limited liability
"**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 and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 123)
"**Yuexiu REIT**"	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under Section 104 of the SFO subject to applicable conditions from time to time (whose Units are listed on the Main Board of the Hong Kong Stock Exchange), and the companies controlled by it, as the context requires
"**%**"or" "**per cent.**"	per cent.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF YUEXIU REIT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF YUEXIU REIT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023[2]

Note:

(1) The consolidated financial statements of Yuexiu REIT for the year ended 31 December 2024 are extracted from the final results announcement of Yuexiu REIT for the year ended 31 December 2024. The Independent Auditor's Reports on the consolidated financial statements of Yuexiu REIT for the year ended 31 December 2023 set out therein is reproduced from the annual report of Yuexiu REIT for the year ended 31 December 2023. Page reference referred to in the consolidated financial statements and the Independent Auditor's Report refers to pages set out in the relevant final results announcement and annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	4	**2,031,536**	2,086,855
Operating expenses, net	5	**(946,384)**	(978,938)
Fair value (losses)/gains on investment properties	14	**(321,859)**	27,579
Net gains on derivative financial instruments	17	**26,747**	145,327
Finance income	8	**28,080**	36,180
Finance expenses	9	**(1,000,713)**	(1,069,506)
(Loss)/profit before income tax and transactions with unitholders		**(182,593)**	247,497
Income tax expense	10	**(153,996)**	(251,452)
Loss after income tax before transactions with unitholders		**(336,589)**	(3,955)
Transactions with unitholders	25	**611,600**	187,476
Profit after income tax after transactions with unitholders		**275,011**	183,521
Other comprehensive loss for the year:			
Items that will not be reclassified to profit or loss			
Change in fair value of property, plant and equipment			
– Gross	12	**(82,129)**	18,258
– Tax		**23,002**	(5,114)
		(59,127)	13,144
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(232,512)**	(205,109)
Other comprehensive loss for the year, net of tax		**(291,639)**	(191,965)
Total comprehensive loss for the year		**(16,628)**	(8,444)

	Attributable to				
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (note 25) RMB'000	Unitholders after transactions with unitholders RMB'000	Non-controlling interests RMB'000	Total RMB'000
Profit/(loss) for the year ended 31 December 2023	4,625	187,476	192,101	(8,580)	183,521
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	13,008	—	13,008	136	13,144
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(205,109)	—	(205,109)	—	(205,109)
Total comprehensive loss for the year ended 31 December 2023	(187,476)	187,476	—	(8,444)	(8,444)
(Loss)/profit for the year ended 31 December 2024	**(320,577)**	**611,600**	**291,023**	**(16,012)**	**275,011**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	**(58,511)**	**—**	**(58,511)**	**(616)**	**(59,127)**
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	**(232,512)**	**—**	**(232,512)**	**—**	**(232,512)**
Total comprehensive loss for the year ended 31 December 2024	**(611,600)**	**611,600**	**—**	**(16,628)**	**(16,628)**

Notes:

(i) In accordance with the trust deed dated 7 December 2005, as amended by the first supplemental deed on 25 March 2008, the second supplemental deed on 23 July 2010, the third supplemental deed on 25 July 2012, the fourth supplemental deed on 3 April 2020 and the fifth supplemental deed on 28 May 2021 (the "Trust Deed"), Yuexiu REIT is required to distribute to the unitholders not less than 90% of its total distributable income for each financial year. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32 Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are recognised in the consolidated statement of profit or loss and other comprehensive income. The classification does not have an impact on the net assets attributable to unitholders. It only affects how unitholders' funds are disclosed in the consolidated statement of financial position and how distributions are disclosed in the consolidated statement of profit or loss and other comprehensive income. Total distributable income is determined in the consolidated distribution statement.

(ii) (Loss)/earnings per unit, based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders and the average number of units in issue, are presented in Note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	**As at 31 December** **2024** **RMB'000**	2023 RMB'000
Non-current assets			
Property, plant and equipment	12	**1,974,360**	2,131,642
Right-of-use assets	13	**1,095,174**	1,156,361
Investment properties	14	**37,494,008**	37,771,146
Deferred assets, prepayments, deposits and other receivables	15	**185,465**	203,236
Goodwill	16	**839,001**	859,868
		41,588,008	42,122,253
Current assets			
Inventories	19	**2,860**	3,077
Trade and lease receivables	18	**18,775**	22,229
Amounts due from related parties		**156,247**	58,450
Deferred assets, prepayments, deposits and other receivables	15	**61,333**	88,967
Derivative financial instruments	17	**—**	12,015
Tax recoverable		**11,541**	11,363
Bank deposits	20	**50,000**	110,000
Cash and cash equivalents	20	**1,396,154**	1,417,727
		1,696,910	1,723,828
Total assets		**43,284,918**	43,846,081

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Equity			
Reserves		**(618,381)**	(327,358)
Retained earnings		**618,381**	327,358
		—	—
Non-controlling interests		**1,188,933**	1,206,832
Total equity		**1,188,933**	1,206,832
Current liabilities			
Trade payables	22	**16,517**	14,263
Rental deposits, current portion	23	**218,685**	216,442
Receipts in advance	23	**102,138**	111,392
Accruals and other payables	23	**442,628**	489,511
Amounts due to related parties		**122,850**	123,829
Borrowings	24	**4,607,000**	5,844,681
Lease liabilities	13	**11,826**	11,965
Tax payable		**85,572**	58,741
		5,607,216	6,870,824
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	23	**163,143**	192,097
Borrowings	24	**15,972,956**	14,409,875
Deferred tax liabilities	21	**5,523,292**	5,521,648
Lease liabilities	13	**—**	11,826
		21,659,391	20,135,446

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Total liabilities, other than net assets attributable to unitholders		**27,266,607**	27,006,270
Net assets attributable to unitholders	25	**14,829,378**	15,632,979
Total equity and liabilities		**43,284,918**	43,846,081
Net current liabilities		**(3,910,306)**	(5,146,996)
Units in issue ('000)	25	**5,090,738**	4,915,738
Net assets attributable to unitholders per unit (RMB)		**RMB 2.91**	RMB 3.18

CONSOLIDATED DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
(Loss) /profit after income tax before transactions with unitholders attributable to unitholders		**(320,577)**	4,625
Adjustments for the total distributable income (i)			
– Fair value losses/(gains) on investment properties		**277,359**	(66,879)
– Deferred taxation in respect of fair value changes on investment properties charged to profit or loss		**(72,712)**	41,773
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		**(393,418)**	(392,673)
– Net gains on derivative financial instruments	17	**(26,747)**	(145,327)
– Gain on construction fee settlement, net of tax		**(23,156)**	—
– Impairment loss on goodwill		**20,867**	—
– Manager's fee adjustment		**(7,354)**	—
		(545,738)	(558,481)

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		**393,418**	392,673
– Depreciation and amortisation of property, plant and equipment and land use rights under HKFRSs		**138,360**	138,464
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		**100,779**	101,357
– Manager's fee paid and payable in units in lieu of cash		**167,929**	170,273
– Foreign exchange losses on financing activities	9	**74,368**	143,659
– Discretionary distribution		**—**	21,897
Distributable income after additional items		**329,116**	409,842
Distributable amount at 1 January		**148,750**	190,680
Distributions paid during the year (iii)	25	**(333,955)**	(451,772)
Distributable amount at 31 December (iv)		**143,911**	148,750
Final distribution declared		**129,520**	148,750
Payout ratio (v)		**90%**	100%
Distribution per unit, declared (vi)		**RMB0.0254**	RMB0.0303

Notes:

(i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit/(loss) after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of profit or loss and other comprehensive income for the relevant year.

(ii) Pursuant to the circular dated 30 June 2012, the Manager intends to distribute certain additional items on top of the total distributable income under the Trust Deed.

(iii) A final distribution for the period from 1 July 2023 to 31 December 2023 of RMB0.0298 (equivalent to HK$0.0328) per unit and an interim distribution for the period from 1 January 2024 to 30 June 2024 of RMB0.0365 (equivalent to HK$0.0398) per unit, totalling RMB333,955,000 (2023: RMB451,772,000), were paid to unitholders on 24 May 2024 and 25 October 2024, respectively.

(iv) Pursuant to the Trust Deed, Yuexiu Real Estate Investment Trust ("Yuexiu REIT") is required to distribute to Unitholders no less than 90% of its distributable income for each financial year.

(v) The Manager has decided to distribute 90% (2023: 100%) of its distributable income as the final distribution.

(vi) A final distribution for the period from 1 July 2024 to 31 December 2024 of RMB0.0254 (equivalent to HK$0.0275) per unit, totalling RMB129,520,000 (equivalent to HK$140,307,000), was declared by the Board of the Manager on 17 March 2025.

CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

		Equity			
	Net assets attributable to unitholders RMB'000	**Retained earnings RMB'000**	**Reserves RMB'000**	**Non-controlling interests RMB'000**	**Total RMB'000**
At 1 January 2023	16,104,395	135,257	(135,257)	1,217,242	17,321,637
Issuance of units (Note 25)	167,832	—	—	—	167,832
(Loss)/profit for the year ended 31 December 2023 attributable to:					
– Unitholders	(187,476)	—	—	—	(187,476)
– Equity holders	—	192,101	—	(8,580)	183,521
Distributions paid to					
– Unitholders	(451,772)	—	—	—	(451,772)
– Equity holders	—	—	—	(1,966)	(1,966)
Change in fair value of property, plant and equipment, net of tax	—	—	13,008	136	13,144
Exchange differences on translation of foreign operations	—	—	(205,109)	—	(205,109)
At 31 December 2023	15,632,979	327,358	(327,358)	1,206,832	16,839,811
At 1 January 2024	**15,632,979**	**327,358**	**(327,358)**	**1,206,832**	**16,839,811**
Issuance of units (Note 25)	**141,954**	**—**	**—**	**—**	**141,954**
(Loss)/profit for the year ended 31 December 2024 attributable to:					
– Unitholders	**(611,600)**	**—**	**—**	**—**	**(611,600)**
– Equity holders	**—**	**291,023**	**—**	**(16,012)**	**275,011**
Distributions paid to					
– Unitholders	**(333,955)**	**—**	**—**	**—**	**(333,955)**
– Equity holders	**—**	**—**	**—**	**(1,271)**	**(1,271)**
Change in fair value of property, plant and equipment, net of tax	**—**	**—**	**(58,511)**	**(616)**	**(59,127)**
Exchange differences on translation of foreign operations	**—**	**—**	**(232,512)**	**—**	**(232,512)**
At 31 December 2024	**14,829,378**	**618,381**	**(618,381)**	**1,188,933**	**16,018,311**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations		**1,246,153**	1,452,090
Interest paid		**(886,701)**	(854,716)
Income tax paid		**(140,807)**	(146,263)
Net cash generated from operating activities		**218,645**	451,111
Cash flows from investing activities			
Additions of investment properties		**(47,160)**	(45,726)
Additions of property, plant and equipment		**(15,739)**	(22,302)
Disposal of property, plant and equipment		**451**	41
Interest received		**24,618**	36,180
Increase in bank deposits		**(50,000)**	(90,000)
Redemption on maturity of bank deposits		**110,000**	30,000
Net cash from/(used in) investing activities		**22,170**	(91,807)
Cash flows from financing activities			
Distributions paid		**(335,226)**	(453,738)
Proceeds from borrowings, net of transaction costs		**5,969,453**	6,776,240
Repayment of borrowings		**(5,933,129)**	(6,797,528)
Settlement of derivative financial instruments		**40,889**	210,258
Principal elements of lease payments		**(11,965)**	(12,207)
Net cash used in financing activities		**(269,978)**	(276,975)
Net (decrease)/increase in cash and cash equivalents		**(29,163)**	82,329
Cash and cash equivalents at beginning of the year		**1,417,727**	1,333,773
Effects of exchange rate changes on cash and cash equivalents		**7,590**	1,625
Cash and cash equivalents at end of the year	20	**1,396,154**	1,417,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together, the "Group") are mainly engaged in the leasing of commercial properties in the People's Republic of China (the "PRC").

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited, as the trustee of Yuexiu REIT (the "Trustee") on 7 December 2005 (as amended by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Deed dated 25 July 2012, the Fourth Supplemental Deed dated 3 April 2020 and the Fifth Supplemental Deed dated 28 May 2021) and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to the applicable conditions imposed by Securities and Futures Commission of Hong Kong from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited on 21 December 2005.

2. Accounting policies

2.1 Basis of preparation

These consolidated financial statements of Yuexiu REIT have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, these consolidated financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trusts (the "REIT Code"). The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties, hotel, serviced apartments and derivative financial instruments which are carried at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

As at 31 December 2024, the Group's current liabilities exceeded its current assets by RMB3,910 million (31 December 2023: RMB5,147 million) due to the borrowings of RMB4,607 million which will fall due within twelve months from the balance sheet date (31 December 2023: borrowings of RMB5,845 million which fell due within twelve months from the balance sheet date). Taking into account the financial resources available, including further limit available under the Guaranteed Medium Term Note Programme of Yuexiu REIT MTN Company Limited ("MTN Programme"), and the available debts and notes limit, the Manager considers the Group has adequate resources to meet its liabilities as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the directors consider it is appropriate in preparing the consolidated financial statements on a going concern basis.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The adoption of these revised standards did not result in any significant impact on the results and financial position of the Group.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Except for HKFRS 18, the directors of the Manager anticipate that the adoption of these revised standards would not result in any significant impact on the results and financial position of the Group.

2.4 Material accounting policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by Yuexiu REIT. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Generally, there is a presumption that a majority of voting rights results in control. When Yuexiu REIT has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of net assets attributable to unitholders and changes in equity and balance sheet respectively.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Manager that make strategic decisions.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is Yuexiu REIT's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income within "finance income" or "finance expenses". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within "operating expenses, net".

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Property, plant and equipment and depreciation

(i) Hotel and serviced apartments comprise mainly buildings, leasehold improvements and fixtures and furniture of hotel and serviced apartments, and are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation. When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

    Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

    When a revalued asset is sold, the amount included in the revaluation reserve is transferred to net assets attributable to unitholders.

(ii) All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

    Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

The building portion of hotel and serviced apartments is depreciated over the shorter of the unexpired term of the legal titles and their estimated useful lives, being no more than 40 years after the date of completion.

Leasehold improvements, furniture and fixtures and office supplies	3-20 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "operating expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

Investment properties

Investment property, principally comprising leasehold land, office buildings and shopping mall, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Pieces of land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. The carrying value of the investment property is reviewed every six months and is independently valued by external valuer at least annually. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Any gain or loss arising on disposal of the investment property (calculated as the difference between the disposal proceeds and the carrying amount, including revaluation of the asset) is recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment property is disposed of. Changes in fair values are recorded in the profit or loss.

Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets of the acquired subsidiaries.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The derivative financial instruments is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised immediately in profit or loss.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Inventories

Inventories comprise primarily food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets

(i) Classification

The Group classifies its financial assets in either those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), or those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the profit or loss. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

A financial asset is initially measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments are subsequently measured depending on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/losses, net in the period in which it arises.

Equity investments are subsequently measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating expenses, net in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and lease receivables, the Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Cash and cash equivalents are also subject to the impairment requirements of HKFRS 9.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of less than twelve months and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income.

Lease income from operating leases where the Group as a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Rental deposits

Rental deposits are financial liabilities with fixed or determinable repayments. They arise when the Group enters into lease agreements directly with tenants. They are included in current liabilities, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current liabilities.

Rental deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. At initial recognition, the difference between the carrying amount of the financial liability and the actual consideration received is treated as initial premiums and recognised as rental income over the lease term, on a straight-line basis.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where Yuexiu REIT and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Revenue recognition

(i) Rental income

Operating lease rental income is recognised on a straight-line basis over the period of the lease. When the Group provides incentives to its tenants, the cost of incentives will be recognised over the lease term, on a straight-line basis, as a reduction of rental income. The difference between the gross receipt of rental and operating lease rental recognised over the lease term is recognised as deferred assets.

(ii) Hotel and serviced apartment income

Hotel and serviced apartment income is recognised in the accounting period in which the services are rendered.

(iii) Interest income

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

Distributions to unitholders

In accordance with the Trust Deed, Yuexiu REIT is required to distribute to unitholders not less than 90% of the Group's profit for each financial year subject to adjustments allowed under the REIT Code and the Trust Deed. Yuexiu REIT has a limited life of 80 years from the date of establishment. These units are therefore classified as financial liabilities and presented under "net assets attributable to unitholders" in accordance with HKAS 32 and, accordingly, the distributions to unitholders are therefore presented as "transactions with unitholders" in the profit or loss.

Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3. Critical accounting estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of property, plant and equipment and investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the directors of the Manager determine the amount within a range of reasonable fair value estimates. In making their judgement, the directors of the Manager consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition. These valuations are reviewed annually by external valuers.

The fair value of property, plant and equipment and investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Notes 12 and 14 respectively.

(b) Estimate of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.4. The assessment of recoverable amount calculations requires the use of estimates.

(c) Estimates of fair values of derivative financial instruments

Fair values are arrived at using valuations provided by the counterparty banks/valuer for each reporting period with reference to market data. Actual results may differ when assumptions and market conditions changes.

4. Revenue and segment information

The chief operating decision-maker has been identified as the executive directors of the Manager. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resource allocation.

The executive directors consider the business by nature of business activities and assess the performance of hotel and serviced apartments, office rental and wholesale and shopping mall.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded corporate assets which are not directly attributable to segments.

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

	Hotel and serviced apartments	**Office**	**Wholesale and shopping mall**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Year ended 31 December 2024				
Revenue from external customers	**507,823**	**1,150,422**	**373,291**	**2,031,536**
Segment results	**28,756**	**609,223**	**346,051**	**984,030**
Depreciation	**139,772**	**—**	**—**	**139,772**
Fair value (losses)/gains on investment properties	**—**	**(352,769)**	**30,910**	**(321,859)**

	Hotel and serviced apartments	Office	Wholesale and shopping mall	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Revenue from external customers	535,634	1,204,633	346,588	2,086,855
Segment results	34,020	1,057,083	273,048	1,364,151
Depreciation	139,877	—	—	139,877
Fair value gains/(losses) on investment properties	—	45,916	(18,337)	27,579

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
As at 31 December 2024				
Total reportable segment assets	**3,425,824**	**29,352,439**	**9,415,435**	**42,193,698**
As at 31 December 2023				
Total reportable segment assets	3,642,780	30,036,284	9,280,305	42,959,369

A reconciliation of total segment results to (loss)/profit before income tax and transactions with unitholders is provided as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Segment results	**984,030**	1,364,151
Net gains on derivative financial instruments	**26,747**	145,327
Finance income	**28,080**	36,180
Finance expenses	**(1,000,713)**	(1,069,506)
Unallocated operating costs (Note)	**(220,737)**	(228,655)
(Loss)/profit before income tax and transactions with unitholders	**(182,593)**	247,497

Note: Unallocated operating costs include mainly the manager's fee, legal and professional expenses and other operating expenses.

A reconciliation of reportable segment assets to total assets is provided as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Total reportable segment assets	**42,193,698**	42,959,369
Unallocated assets	**1,091,220**	886,712
Total assets	**43,284,918**	43,846,081

Note: Unallocated assets include mainly cash and cash equivalents of the holding company and goodwill.

The Group's revenue by nature is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Hotel and serviced apartment operations		
Room	**335,486**	319,532
Food and beverages	**145,064**	117,330
Others	**27,273**	98,772
Property rentals	**1,523,713**	1,551,221
	2,031,536	2,086,855

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised at a point in time	**160,426**	213,221
Revenue recognised over time	**346,670**	319,794
Other sources	**1,524,440**	1,553,840
	2,031,536	2,086,855

5. Expenses by nature, net

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Property management fees (i)	**47,105**	47,469
Employee benefit expenses (Note 6)	**113,511**	116,149
Real estate tax	**202,423**	203,286
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	**8,373**	10,623
Withholding tax (ii)	**42,390**	40,633
Depreciation of property, plant and equipment (Note 12)	**90,487**	90,592
Depreciation of staff quarters (Note 13)	**11,902**	10,102
Depreciation of land use rights (Note 13)	**49,285**	49,285
Cost of inventories sold or consumed in operation	**94,604**	114,007
Other direct expenses on hotel and serviced apartments	**99,500**	101,424
Manager's fee (Note 7)	**167,929**	170,273
Trustee's fee	**12,551**	12,734
Valuation fees	**995**	1,162
Legal and professional fee	**7,930**	4,063
Auditor's remuneration	**2,400**	2,400
Bank charges	**592**	442
Foreign exchange losses/(gains) arising from operating activities	**12,662**	(23,402)
Impairment of goodwill	**20,867**	—
Write back of construction payable	**(50,638)**	—
Manager's fee adjustment	**(7,354)**	—
Others	**18,870**	27,696
Total operating expenses, net	**946,384**	978,938

Notes:

(i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng BM"), Guangzhou Baima Business Operation Management Co., Ltd. ("Baima BM") and Guangzhou IFC Business Management Co., Ltd. ("GZ IFC Management") (formerly named as Guangzhou Yuexiu Asset Management Company Limited ("GZ AM")).

(ii) Withholding tax on the rental income and interest income derived from properties located in Chinese Mainland and held by BVI companies is calculated at a rate of 10%.

6. Employee benefit expenses

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonus	**73,875**	75,904
Pension costs	**9,342**	8,518
Social security costs and staff welfare	**30,294**	31,727
	113,511	116,149

Pension scheme arrangements

Certain subsidiaries of Yuexiu REIT in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Governments. The Group has no further obligation for the actual payment of pensions beyond its contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

7. Manager's fee

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as the manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from an external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of a deposited property comprising Real Estate, as defined in the Trust Deed.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Manager's fee:		
In the form of units	**167,929**	170,273

Pursuant to the announcement dated 15 January 2024, all of the manager's fee for the year ended 31 December 2024, will be paid in the form of units.

8. Finance income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest income from bank deposits	**24,618**	32,727
Interest income from a related company	**3,462**	3,453
	28,080	36,180

9. Finance expenses

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expense for bank borrowings	**753,512**	743,441
Interest expense for other borrowings	**152,763**	159,324
Interest and finance charges paid/payable for lease liabilities (Note 13)	**730**	1,185
Amortisation of transaction costs for borrowings	**19,340**	21,897
Foreign exchange losses on financing activities	**74,368**	143,659
	1,000,713	1,069,506

10. Income tax expense

For the subsidiaries incorporated and operated in Chinese Mainland, they are subject to corporate income tax at a rate of 25% under the Corporate Income Tax Law of the People's Republic of China (the "China CIT Law").

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 5 (ii).

No Hong Kong profits tax has been provided as the Group has no assessable profits in Hong Kong.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax		
– corporate income tax	**93,303**	72,225
– withholding tax	**36,047**	43,664
Deferred income tax (Note 21)	**24,646**	135,563
	153,996	251,452

The tax on the Group's (loss)/profit before income tax and transactions with unitholders differs from the theoretical amount that would arise using the corporate income tax rate of Chinese Mainland as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
(Loss)/profit before income tax and transactions with unitholders	**(182,593)**	247,497
Tax calculated at the domestic tax rate of 25%	**(45,648)**	61,874
Expenses not deductible for tax purposes	**1,053**	1,221
Under provision in prior years	**4,958**	2,027
Withholding tax on unremitted earnings of subsidiaries (Note a)	**35,580**	63,928
Utilisation of previously unrecognised tax losses	**—**	(831)
Tax losses for which no deferred income tax asset was recognised	**195,158**	176,412
Effect of different tax rates	**30,427**	23,978
Other tax deduction	**(67,532)**	(77,157)
	153,996	251,452

Note a:

According to the China CIT Law, a withholding tax of 10% or 5% will be levied on the immediate holding companies outside Chinese Mainland when their Chinese Mainland subsidiaries pay dividends out of profits earned after 1 January 2008.

11. (Loss)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders

(a) Basic

Basic (loss)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the (loss)/profit after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the year.

	Year ended 31 December	
	2024	2023
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	**(320,577)**	4,625
Weighted average number of units in issue ('000)	**5,002,642**	4,842,400
Basic (loss)/earnings per unit (RMB)	**(0.064)**	0.001

(b) Diluted

Diluted (loss)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units (Note 25) outstanding and the manager's fee in form of units during the year which are dilutive potential units. The deferred units outstanding and manager's fee in form of units during the year ended 31 December 2024 are not included in the calculation of diluted loss per unit because they are antidilutive for the year ended 31 December 2024.

	Year ended 31 December	
	2024	2023
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	**(320,577)**	4,625
Weighted average number of units in issue ('000)	**5,002,642**	4,842,400
Adjustments for deferred units ('000)	**—**	232,809
Adjustments for manager's fee in form of units ('000)	**—**	149,122
Weighted average number of units for diluted (loss)/earnings per unit ('000)	**5,002,642**	5,224,331
Diluted (loss)/earnings per unit (RMB)	**(0.064)**	0.001

12. Property, plant and equipment

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2023				
Cost	2,421,202	13,083	8,747	2,443,032
Accumulated depreciation	(927,266)	(12,839)	(8,308)	(948,413)
Fair value gains on revaluation	689,064	—	—	689,064
Net book amount	2,183,000	244	439	2,183,683
Year ended 31 December 2023				
Opening net book amount	2,183,000	244	439	2,183,683
Additions	20,340	—	—	20,340
Disposal	(6)	—	(41)	(47)
Depreciation (Note 5)	(90,592)	—	—	(90,592)
Fair value gains on revaluation	18,258	—	—	18,258
Closing net book amount	2,131,000	244	398	2,131,642
At 31 December 2023				
Cost	2,441,406	13,083	7,922	2,462,411
Accumulated depreciation	(1,017,728)	(12,839)	(7,524)	(1,038,091)
Fair value gains on revaluation	707,322	—	—	707,322
Net book amount	2,131,000	244	398	2,131,642

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	**2,131,000**	**244**	**398**	**2,131,642**
Additions	**15,739**	**—**	**—**	**15,739**
Disposal	**(123)**	**—**	**(282)**	**(405)**
Depreciation (Note 5)	**(90,487)**	**—**	**—**	**(90,487)**
Fair value losses on revaluation	**(82,129)**	**—**	**—**	**(82,129)**
Closing net book amount	**1,974,000**	**244**	**116**	**1,974,360**
At 31 December 2024				
Cost	**2,454,691**	**13,083**	**2,287**	**2,470,061**
Accumulated depreciation	**(1,105,884)**	**(12,839)**	**(2,171)**	**(1,120,894)**
Fair value gains on revaluation	**625,193**	**—**	**—**	**625,193**
Net book amount	**1,974,000**	**244**	**116**	**1,974,360**

If hotel and serviced apartments had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB1,187,645,000 (2023: RMB1,308,624,000).

As at 31 December 2024, property, plant and equipment with an aggregate carrying amount of RMB1,758 million (2023: RMB1,897 million) were pledged as collateral for the Group's bank borrowings (Note 24).

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Savills Valuation and Professional Services Limited ("Savills"), being an independent qualified valuer not related to the Group as at 31 December 2024 (2023: Savills).

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to senior management. Discussions of valuation processes and results are held between management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuation movement when compared to the prior year valuation report
- Holds discussions with the independent valuer

Valuation techniques

Fair value measurements using significant unobservable inputs

The fair value of the building portions of hotel and serviced apartments of Guangzhou International Finance Centre ("Guangzhou IFC") is derived using the depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portions of hotel and serviced apartments of Guangzhou IFC which include building costs, finance costs and professional fee. Depreciation is also considered to reflect the physical deterioration, functional and economic obsolescence to derive the fair value.

The overall fair value (including land and building portions) of hotel and serviced apartments in Chinese Mainland is generally derived using the discounted cash flow analysis. Due to the lack of land transactions in market, the fair value of land, for disclosure purposes only as set out in Note 13, is therefore calculated as the difference between the overall fair value (including land and building portions) under the discounted cash flow analysis and the fair value of building portions under the depreciated replacement cost method.

The building portions of hotel and serviced apartments in property, plant and equipment are included in Level 3 (2023: Level 3) of the fair value hierarchy.

Significant inputs used to determine fair value

Building costs are estimated by reference to market construction costs of other similar buildings. The higher the building costs, finance costs and professional fee, the higher the fair value will be.

Discount rates are estimated by Savills (2023: Savills) based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value will be. Prevailing market room rents are estimated based on recent lettings for hotel and serviced apartments in Chinese Mainland, within the subject properties and other comparable properties. The lower the rents, the lower the fair value will be.

The adopted valuation assumptions in the depreciated replacement cost method are summarised as follows:

As at 31 December 2024

	Depreciated replacement cost method		
	Building costs (RMB/m^2)	**Finance costs (% of construction costs)**	**Professional fee (% of construction costs)**
Hotel	**18,000**	**4.75**	**3**
Serviced apartments	**16,200**	**4.75**	**3**

As at 31 December 2023

	Depreciated replacement cost method		
	Building costs (RMB/m^2)	Finance costs (% of construction costs)	Professional fee (% of construction costs)
Hotel	19,000	4.75	3
Serviced apartments	17,100	4.75	3

13. Lease

The consolidated statement of financial position shows the following amounts relating to leases:

	Land use rights RMB'000	Staff quarters RMB'000	Total RMB'000
Right-of-use assets			
At 1 January 2023	1,182,832	32,916	1,215,748
Depreciation (Note 5)	(49,285)	(10,102)	(59,387)
At 31 December 2023	1,133,547	22,814	1,156,361
At 1 January 2024	**1,133,547**	**22,814**	**1,156,361**
Depreciation (Note 5)	**(49,285)**	**(11,902)**	**(61,187)**
At 31 December 2024	**1,084,262**	**10,912**	**1,095,174**

On 22 November 2022, the Group entered into a renewal lease contract with Guangzhou Yuexiu Star Apartment Management Co., Ltd. in respect of the staff quarters used as accommodation for some of the hospitality staff for a further term of three years with effect from 1 December 2022.

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Lease liabilities		
Current portion	**11,826**	11,965
Non-current portion	**—**	11,826
	11,826	23,791

As at 31 December 2024, the fair value of land use rights was approximately RMB2,840 million (2023: RMB2,657 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2024, right-of-use assets were pledged with an aggregate net book amount of approximately RMB1,002 million (2023: RMB1,050 million) as collateral for the Group's bank borrowings (Note 24).

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note 5)		
Land use rights	**49,285**	49,285
Staff quarters	**11,902**	10,102
	61,187	59,387
Interest expense (included in finance expenses) (Note 9)	**730**	1,185

The total cash outflows for leases in 2024 was RMB12,695,000 (2023: RMB12,207,000).

14. Investment properties

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Opening balance	**37,771,146**	37,702,232
Exchange differences	**2,150**	1,619
Capitalised expenditure	**42,571**	39,716
Fair value (losses)/gains during the year, included in profit or loss under "Fair value (losses)/gains on investment properties"	**(321,859)**	27,579
Closing balance	**37,494,008**	37,771,146
Fair value (losses)/gains for the year included in profit or loss for assets held at the end of the year, under "Fair value (losses)/gains on investment properties"	**(321,859)**	27,579

In the consolidated statement of profit or loss and other comprehensive income, direct operating expenses relating to investment properties in 2024 amounted to RMB246,581,000 (2023: RMB291,931,000), among which, RMB31,949,000 (2023: RMB32,036,000) was related to investment properties that were vacant.

As at 31 December 2024, investment properties with an aggregate carrying value of approximately RMB3,720 million (2023: RMB3,753 million) were pledged as collateral for the Group's bank borrowings (Note 24).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills, being an independent qualified valuer not related to the Group as at 31 December 2024 (2023: Savills).

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to senior management. Discussions of valuation processes and results are held between management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuation movement compared to the prior year valuation report
- Holds discussions with the independent valuer

Valuation techniques

(a) Investment properties in Chinese Mainland

As at 31 December 2024 and 2023, Savills relied on the income capitalisation method as the primary approach and cross-checked by the direct comparison approach. The use of the income capitalisation method is in line with the market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation method is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. Appropriate adjustments or deductions for rent-free periods, ongoing vacancy voils, marketing periods and non-recoverable expenses for the vacant space have been considered.

The income capitalisation method is used to capitalise the unexpired rental income of contractual tenancies. It has also taken into account the reversionary market rent after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

(b) Investment properties in Hong Kong

As at 31 December 2024 and 2023, Savills relied on the direct comparison approach for the valuation of investment properties located in Hong Kong. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The key input under this approach is the price per square foot from current year sales of comparable properties.

The investment properties are included in Level 3 (2023: Level 3) of the fair value hierarchy.

Significant inputs used to determine fair value

(a) Investment properties in Chinese Mainland

Capitalisation rates are estimated by Savills as at 31 December 2024 and 2023 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value will be.

Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value will be.

The adopted valuation assumptions in the income capitalisation method are summarised as follows:

As at 31 December 2024

	Fair value (RMB'000)	**Monthly market unit rent (RMB per sq.m.)**	**Capitalisation rate (per annum)**
Office	**26,955,600**	**75 to 274**	**4.50% to 7.00%**
Wholesale and shopping mall	**10,442,000**	**32 to 1,018**	**4.50% to 7.50%**

As at 31 December 2023

	Fair value (RMB'000)	Monthly market unit rent (RMB per sq.m.)	Capitalisation rate (per annum)
Office	27,246,400	78 to 275	4.50% to 7.00%
Wholesale and shopping mall	10,416,000	33 to 1,023	4.50% to 7.50%

(b) Investment properties in Hong Kong

Sales prices are estimated based on recent market transactions. The higher the prices, the higher the fair value will be.

The adopted valuation assumption in the direct comparison approach is as follows:

As at 31 December 2024

	Fair value (RMB'000)	**Unit sales price (HKD per sf.)**
17/F, Hong Kong Yue Xiu Building	**47,228**	**13,281**
23/F, Hong Kong Yue Xiu Building	**49,080**	**13,802**

As at 31 December 2023

	Fair value (RMB'000)	Unit sales price (HKD per sf.)
17/F, Hong Kong Yue Xiu Building	53,467	15,365
23/F, Hong Kong Yue Xiu Building	55,279	15,885

15. Deferred assets, prepayments, deposits and other receivables

Rental income is recognised on an accrued basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised within twelve months after the balance sheet date are classified as current assets. The balance of prepayments, deposits and other receivables mainly represents other tax prepayments, deposits for utilities and property maintenance fund. The deferred assets, prepayments, deposits and other receivables are denominated in RMB and HKD.

16. Goodwill

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cost	**859,868**	859,868
Accumulated impairment	**(20,867)**	—
Net book amount	**839,001**	859,868

Goodwill is monitored by management. The goodwill is presented below:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
The PRC	**839,001**	859,868

Goodwill of the Group mainly represents the deferred income tax liabilities in relation to the investment properties acquired through business combinations. Each entity held the investment properties is identified as a separate cash-generating unit. The recoverable amount of each cash-generating unit has been determined based on a value in use calculation using cash flow projections based on the forecast covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 7.51% (2023: 7.86%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2% (2023: 3%). Other key assumptions used for goodwill impairment are consistent with those used in the valuation of investment properties.

The results of the tests undertaken as at 31 December 2024 indicated there is an impairment loss for the investment property in Wuhan. A fully impairment of RMB20,867,000 was provided. The impairment was attributable to the overall decline of rental market in Wuhan.

17. Derivative financial instruments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Foreign exchange contracts	**—**	12,015

The notional principal amounts of the outstanding foreign exchange forward contracts at 31 December 2023 were HK$1,120,000,000 due on 28 May 2024. During the year, the foreign exchange forward contracts have been settled.

The following amounts were recognised in profit or loss in relation to derivatives:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Unrealised fair value changes of derivative financial instruments	**—**	35,277
Net realised gains from derivative financial instruments	**26,747**	110,050
	26,747	145,327

18. Trade and lease receivables

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade and lease receivables	**20,751**	23,523
Loss allowance	**(1,976)**	(1,294)
Trade and lease receivables, net	**18,775**	22,229

Due to the short-term nature of the current receivables, the fair values of trade and lease receivables approximate to their carrying amounts.

The credit terms of the Group are generally within three months. The aging analysis of trade and lease receivables by the invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
0 - 30 days	**13,363**	16,902
31 - 90 days	**4,590**	4,339
91 - 180 days	**815**	572
181 - 365 days	**1,700**	257
Over 1 year	**283**	1,453
	20,751	23,523

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group's trade and lease receivables are mainly denominated in RMB.

19. Inventories

The balance of inventories mainly consists of food, beverage, consumables and operating supplies.

20. Bank deposits and cash and cash equivalents

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash at banks and on hand	**1,294,763**	1,233,148
Bank deposits with original maturity of less than three months	**101,391**	184,579
Cash and cash equivalents	**1,396,154**	1,417,727
Bank deposits with original maturity of more than three months and less than twelve months	**50,000**	90,000
Bank deposits with original maturity of more than twelve months	**—**	20,000
Total	**1,446,154**	1,527,727
Maximum exposure to credit risk	**1,445,804**	1,527,377

As at 31 December 2024, included in the bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,104,452,000 (2023: RMB1,289,621,000) denominated in RMB, which is not a freely convertible currency in the international market. The remittance of these funds out of Chinese Mainland is subject to exchange control restrictions imposed by the Chinese government.

The existing counterparties do not have defaults in the past.

The carrying amounts of bank deposits and cash and cash equivalents approximate to their fair values.

The effective interest rates (per annum) of the deposits at the balance sheet date were as follows:

	As at 31 December	
	2024	2023
Bank deposits with original maturity of more than twelve months	**—**	2.60%
Bank deposits with original maturity of less than twelve months	**1.25% to 4.15%**	1.70% to 4.90%

Bank deposits and cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**1,104,801**	1,289,971
HK$	**324,852**	221,353
USD	**16,501**	16,403
	1,446,154	1,527,727

21. Deferred tax liabilities

The movements in the net deferred tax liabilities are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Beginning of the year	**5,521,648**	5,380,971
Deferred taxation charged to profit or loss (Note 10)	**24,646**	135,563
Deferred taxation (credited)/charged to reserves	**(23,002)**	5,114
End of the year	**5,523,292**	5,521,648

The movements in deferred tax assets (prior to offsetting the balances within the same taxation jurisdiction) during the year are as follows:

	Tax losses and others RMB'000
At 1 January 2023	18,633
Charged to profit or loss	(5,029)
At 31 December 2023	13,604
At 1 January 2024	13,604
Charged to profit or loss	(2,564)
At 31 December 2024	11,040

The movements in deferred tax liabilities (prior to offsetting the balances within the same taxation jurisdiction) during the year are as follows:

	Fair value change RMB'000	Withholding tax in respect of unremitted earnings of subsidiaries RMB'000	Accelerated depreciation allowance and others RMB'000	Total RMB'000
Year ended 31 December 2023				
At 1 January 2023	3,805,054	635,601	958,949	5,399,604
Charged to profit or loss	30,667	20,264	79,603	130,534
Charged to reserves	4,565	549	—	5,114
At 31 December 2023	3,840,286	656,414	1,038,552	5,535,252
Year ended 31 December 2024				
At 1 January 2024	3,840,286	656,414	1,038,552	5,535,252
(Credited)/charged to profit or loss	(72,546)	(467)	95,095	22,082
Credited to reserves	(20,532)	(2,470)	—	(23,002)
At 31 December 2024	3,747,208	653,477	1,133,647	5,534,332

22. Trade payables

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	**16,517**	14,263

The aging analysis of the trade payables, based on their invoice date, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
0 - 30 days	**9,585**	7,796
31 - 90 days	**5,111**	3,443
91 - 180 days	**1,272**	970
180 - 365 days	**549**	761
Over 1 year	**—**	1,293
	16,517	14,263

All of the Group's trade payables are denominated in RMB.

23. Rental deposits, receipts in advance, accruals and other payables

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Rental deposits		
Current portion	**218,685**	216,442
Non-current portion	**163,143**	192,097
	381,828	408,539
Receipts in advance		
Current portion	**102,138**	111,392
Accrued urban real estate tax	**53,752**	54,137
Accrued withholding tax payable	**9,663**	7,050
Accrued surcharge tax	**21,659**	15,568
Construction payable	**121,852**	179,854
Transaction costs payable for the acquisition of Gain Force (the "Acquisition") (i)	**—**	7,731
Accrued interest expenses	**113,410**	93,106
Accruals for other operating expenses	**122,292**	132,065
Accruals and other payables	**442,628**	489,511
	926,594	1,009,442

(i) On 23 December 2021, the Group completed the acquisition of the 100% equity interests in Gain Force and its subsidiaries, which are engaged in the leasing of Yuexiu Financial Tower, an international Grade A office building located in Guangzhou.

(ii) The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate to their fair values. The majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB and HKD.

24. Borrowings

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current		
Short-term bank borrowings		
– Unsecured	**530,000**	—
Current portion of long-term borrowings		
Bank borrowings		
– Secured (Note a)	**165,000**	165,000
– Unsecured	**3,912,000**	4,664,882
Other borrowings, unsecured (Note b)	**—**	1,014,799
	4,607,000	5,844,681
Non-current		
Long-term borrowings		
Bank borrowings		
– Secured (Note a)	**4,947,900**	5,110,233
– Unsecured	**10,727,544**	9,804,443
Other borrowings, unsecured (Note b)	**4,374,512**	5,339,880
Total long-term borrowings	**20,049,956**	20,254,556
Less: current portion of long-term borrowings	**(4,077,000)**	(5,844,681)
Non-current portion of long-term borrowings	**15,972,956**	14,409,875
Analysed into:		
Unsecured	**15,632,056**	15,144,323
Secured	**4,947,900**	5,110,233
	20,579,956	20,254,556

Note a:

As at 31 December 2024, bank loans of approximately RMB4,948 million (2023: RMB5,110 million) are secured by certain parts of Guangzhou IFC with a carrying value of RMB6,480 million (2023: RMB6,700 million).

The Group's borrowings are repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	**4,607,000**	5,844,681
Between one year and five years	**15,972,956**	14,409,875
	20,579,956	20,254,556

The effective interest rates (per annum) of the borrowings at the balance sheet date were as follows:

	As at 31 December	
	2024	2023
RMB	**3.63%**	3.49%
HK$	**6.17%**	6.39%
USD	**2.72%**	2.72%

The carrying amounts of the borrowings are denominated in RMB, HK$ and USD and approximate to their fair values.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**12,330,465**	7,954,404
HK$	**5,373,870**	9,473,012
USD	**2,875,621**	2,827,140
	20,579,956	20,254,556

Note b:

On 2 February 2021, REIT MTN, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total principal amount of USD$400 million of 2.65% notes due in February 2026 to investors under the MTN Programme, which was updated in January 2021.

On 28 May 2019 and 14 June 2019, REIT MTN, issued and sold HK$770 million and HK$350 million principal amounts of 3.6% additional notes to investors under the MTN Programme, which were matured and have been repaid in 2024.

On 24 March 2023, MOON KING LIMITED, a wholly owned subsidiary of Yuexiu REIT, issued and sold a RMB1,500 million principal amount of 4.15% guaranteed notes due in March 2026.

25. Net assets attributable to unitholders

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Opening balance	**15,632,979**	16,104,395
Issuance of units	**141,954**	167,832
Transfer to the consolidated statement of profit or loss and other comprehensive income	**(611,600)**	(187,476)
Distributions paid during the year	**(333,955)**	(451,772)
Closing balance	**14,829,378**	15,632,979

The movements in the number of existing units are as follows:

	Year ended 31 December	
	2024	2023
Units in issue ('000)		
Opening balance	**4,915,738**	4,783,780
Manager's fee in form of units (Note a)	**155,000**	109,958
Issuance of deferred units during the year (Note b)	**20,000**	22,000
Closing balance	**5,090,738**	4,915,738

Note a:

During the year, 155,000,000 units were issued for payment of the manager's fee (2023: 109,957,846 units).

Note b:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP a certain number of units starting from 31 December 2016 (the "Deferred Units"). The number of Deferred Units to be issued to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. Accordingly, 20,000,000 Deferred Units were issued on 31 December 2024 (2023: 22,000,000 Deferred Units).

Pursuant to the terms disclosed in the 2021 Circular, in light of the subscription price of the Rights Issue (being HK$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement (being HK$3.67), which was made on 24 October 2021 in relation to the Acquisition, the issue price for the Deferred Units (the "Deferred Units Issue Price") shall be adjusted by multiplying the current Deferred Units Issue Price (being HK$4.00 per unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between YXP, the Trustee and the Manager and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The adjusted Deferred Units Issue Price is HK$3.86 per unit and the number of Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment. The Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

26. Capital commitments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	**53,747**	35,588

27. Future minimum rental receivables

The future minimum rental receivables under non-cancellable operating leases are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	**1,530,934**	1,106,763
Between one year and five years	**2,005,528**	1,448,178
Over five years	**34,734**	21,429
	3,571,196	2,576,370

By order of the board of directors of

Yuexiu REIT Asset Management Limited

(as manager of Yuexiu Real Estate Investment Trust)

LIN Deliang

Chairman

Hong Kong, 17 March 2025

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

To the Unitholders of Yuexiu Real Estate Investment Trust
(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (the "Group") set out on 205 to 275, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated distribution statement, the consolidated statement of net assets attributable to unitholders and changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment	
The Group's investment properties amounting to approximately RMB37,771 million and the building portions of hotel and serviced apartments included in property, plant and equipment amounting to approximately RMB2,131 million (together the "Subject Properties") were carried at fair value at 31 December 2023. Changes in the fair values of the investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment during the year ended 31 December 2023 were recorded in profit or loss and other comprehensive income of approximately RMB28 million and RMB18 million respectively.	We assessed the Valuer's independence and objectivity by reading their terms of engagement with the Group and considering their fee arrangements and any other services provided to the Group. We assessed the Valuer's competence and capabilities by understanding their experience, reputation and professional certification. We read the Valuer's report and understood the valuation was carried out in accordance with HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors, incorporating the International Valuation Standards and the requirements set out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the "REIT Code"). We checked, on a sample basis, the data used by the Valuer to perform the valuation to appropriate supporting documents, including key terms of lease agreements, rental income schedules, gross floor area information for investment properties and the year of completion for the building portions of hotel and serviced apartments included in property, plant and equipment.

Key Audit Matter	How our audit addressed the Key Audit Matter
The valuations were carried out by an independent professional valuer (the "Valuer") engaged by Yuexiu REIT Asset Management Limited, the Manager of Yuexiu REIT (the "Manager"). We identified the valuations of the Subject Properties as a key audit matter due to the significance of the Subject Properties and the valuations of the Subject Properties involved significant judgements and estimations. Relevant disclosures are included in notes 2(e)(i), 2(f), 4(a), 13 and 15 to the consolidated financial statements.	We involved our internal valuation specialists in assessing the valuation methodologies, inputs and key assumptions with the Valuer and the Manager. We assessed the reasonableness of the inputs and key assumptions applied in the valuations of the Subject Properties by comparing them to published industry reports, comparable market transactions, and with reference to the age, nature and location of each property. We evaluated the adequacy of disclosures related to the valuation of investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment.

Other Information included in the Annual Report

The Manager of Yuexiu REIT is responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Those Charged with Governance for the Consolidated Financial Statements

The Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

In preparing the consolidated financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations or have no realistic alternative but to do so.

In addition, the Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the trust deed dated 7 December 2005, as amended by the first supplemental deed on 25 March 2008, the second supplemental deed on 23 July 2010, the third supplemental deed on 25 July 2012, the fourth supplemental deed on 3 April 2020 and the fifth supplemental deed on 28 May 2021 (the "Trust Deed") and the relevant disclosure provisions of Appendix C of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code

In our opinion, the consolidated financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

The engagement partner on the audit resulting in this independent auditor's report is Benny Bing Yin Cheung.

Ernst & Young
Certified Public Accountants
Hong Kong
7 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	5	**2,086,855**	1,872,860
Operating expenses, net	6	**(978,938)**	(951,551)
Fair value gains/(losses) on investment properties	15	**27,579**	(95,813)
Net gains on derivative financial instruments	19	**145,327**	397,763
Finance income	9	**36,180**	25,511
Finance expenses	10	**(1,069,506)**	(1,521,724)
Profit/(loss) before income tax and transactions with unitholders		**247,497**	(272,954)
Income tax expense	11	**(251,452)**	(237,986)
Loss after income tax before transactions with unitholders		**(3,955)**	(510,940)
Transactions with unitholders	27	**187,476**	1,086,845
Profit after income tax after transactions with unitholders		**183,521**	575,905
Other comprehensive income for the year:			
Items that will not be reclassified to profit or loss			
Change in fair value of property, plant and equipment			
– Gross	13	**18,258**	95,951
– Tax		**(5,114)**	(26,873)
		13,144	69,078
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(205,109)**	(626,159)
Other comprehensive income for the year, net of tax		**(191,965)**	(557,081)
Total comprehensive income for the year		**(8,444)**	18,824

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to				
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (note 27) RMB'000	Unitholders after transactions with unitholders RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Loss)/profit for the year ended 31 December 2022	(529,044)	1,086,845	557,801	18,104	575,905
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	68,358	—	68,358	720	69,078
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(626,159)	—	(626,159)	—	(626,159)
Total comprehensive income for the year ended 31 December 2022	(1,086,845)	1,086,845	—	18,824	18,824
Profit/(loss) for the year ended 31 December 2023	**4,625**	**187,476**	**192,101**	**(8,580)**	**183,521**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	**13,008**	**—**	**13,008**	**136**	**13,144**
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	**(205,109)**	**—**	**(205,109)**	**—**	**(205,109)**
Total comprehensive income for the year ended 31 December 2023	**(187,476)**	**187,476**	**—**	**(8,444)**	**(8,444)**

Notes:

(i) In accordance with the trust deed dated 7 December 2005, as amended by the first supplemental deed on 25 March 2008, the second supplemental deed on 23 July 2010, the third supplemental deed on 25 July 2012, the fourth supplemental deed on 3 April 2020 and the fifth supplemental deed on 28 May 2021 (the "Trust Deed"), Yuexiu REIT is required to distribute to the unitholders not less than 90% of its total distributable income for each financial year. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32 *Financial Instruments: Disclosure and Presentation*. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to unitholders. It only affects how unitholders' funds are disclosed in the consolidated statement of financial position and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the consolidated distribution statement on page 209.

(ii) Earnings/(losses) per unit, based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders and the average number of units in issue, are presented in Note 12.

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	13	**2,131,642**	2,183,683
Right-of-use assets	14	**1,156,361**	1,215,748
Investment properties	15	**37,771,146**	37,702,232
Deferred assets, prepayments, deposits and other receivables	17	**203,236**	235,425
Goodwill	18	**859,868**	859,868
Bank deposits	22	**—**	30,000
		42,122,253	42,226,956
Current assets			
Inventories	21	**3,077**	3,080
Trade and lease receivables	20	**22,229**	32,673
Amounts due from related parties	29	**58,450**	45,228
Deferred assets, prepayments, deposits and other receivables	17	**88,967**	100,579
Derivative financial instruments	19	**12,015**	100,005
Tax recoverable		**11,363**	4,138
Bank deposits	22	**110,000**	20,000
Cash and cash equivalents	22	**1,417,727**	1,333,773
		1,723,828	1,639,476
Total assets		**43,846,081**	43,866,432
Equity			
Reserves		**(327,358)**	(135,257)
Retained earnings		**327,358**	135,257
Non-controlling interests		**1,206,832**	1,217,242
Total equity		**1,206,832**	1,217,242
Current liabilities			
Trade payables	24	**14,263**	25,190
Rental deposits, current portion	25	**216,442**	186,238
Receipts in advance	25	**111,392**	96,553
Accruals and other payables	25	**489,511**	453,448
Amounts due to related parties	29	**123,829**	142,036
Borrowings	26	**5,844,681**	4,364,124
Lease liabilities	14	**11,965**	10,485
Tax payable		**58,741**	89,062
		6,870,824	5,367,136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	25	**192,097**	209,987
Borrowings	26	**14,409,875**	15,541,033
Deferred tax liabilities	23	**5,521,648**	5,380,971
Derivative financial instruments	19	**—**	23,151
Lease liabilities	14	**11,826**	22,517
		20,135,446	21,177,659
Total liabilities, other than net assets attributable to unitholders		**27,006,270**	26,544,795
Net assets attributable to unitholders	27	**15,632,979**	16,104,395
Total equity and liabilities		**43,846,081**	43,866,432
Net current liabilities		**(5,146,996)**	(3,727,661)
Units in issue ('000)	27	**4,915,738**	4,783,780
Net assets attributable to unitholders per unit (RMB)		**RMB 3.18**	RMB 3.37

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager")

Director *Director*

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders		**4,625**	(529,044)
Adjustments for the total distributable income (i)			
– Fair value (gains)/losses on investment properties		**(66,879)**	83,785
– Deferred taxation in respect of fair value gains on investment properties charged to profit or loss		**41,773**	27,591
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		**(392,673)**	(393,752)
– Fair value gains on derivative financial instruments	19	**(145,327)**	(397,763)
		(558,481)	(1,209,183)
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		**392,673**	393,752
– Depreciation and amortisation of property, plant and equipment and land use rights under HKFRSs		**138,464**	135,408
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		**101,357**	102,464
– Manager's fee paid and payable in units in lieu of cash		**170,273**	166,530
– Foreign exchange losses on financing activities	10	**143,659**	944,353
– Discretionary distribution		**21,897**	—
Distributable income after additional items		**409,842**	533,324
Distributable amount at 1 January		**190,680**	457,990
Distributions paid during the year (iii)	27	**(451,772)**	(800,634)
Final distribution declared		**148,750**	190,680
Distribution per unit, declared (iv)		**RMB0.0303**	RMB0.0399

CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

Notes:

(i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit/(loss) after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant year.

(ii) Pursuant to the circular dated 30 June 2012, the Manager intends to distribute certain additional items on top of the total distributable income under the Trust Deed.

(iii) A final distribution for the period from 1 July 2022 to 31 December 2022 of RMB0.0394 (equivalent to HK$0.0448) per unit and an interim distribution for the period from 1 January 2023 to 30 June 2023 of RMB0.0534 (equivalent to HK$0.0583) per unit, totalling RMB451,772,000 (2022: RMB800,634,000), were paid to unitholders on 25 May 2023 and 26 October 2023, respectively.

(iv) A final distribution for the period from 1 July 2023 to 31 December 2023 of RMB0.0303 (equivalent to HK$0.0334) per unit, totalling RMB148,750,000 (equivalent to HK$164,186,000), was declared by the Board of the Manager on 7 March 2024.

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

		Equity			
	Net assets attributable to unitholders RMB'000	(Accumulated losses)/ retained earnings RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	14,717,852	(422,544)	422,544	1,206,026	15,923,878
Issuance of units (Note 27)	3,359,022	—	—	—	3,359,022
Profit/(loss) for the year ended 31 December 2022 attributable to:					
– Unitholders	(1,086,845)	—	—	—	(1,086,845)
– Equity holders	—	557,801	—	18,104	575,905
Distributions paid to					
– Unitholders	(885,634)	—	—	—	(885,634)
– Equity holders	—	—	—	(7,608)	(7,608)
Change in fair value of property, plant and equipment, net of tax	—	—	68,358	720	69,078
Exchange differences on translation of foreign operations	—	—	(626,159)	—	(626,159)
At 31 December 2022	16,104,395	135,257	(135,257)	1,217,242	17,321,637
At 1 January 2023	**16,104,395**	**135,257**	**(135,257)**	**1,217,242**	**17,321,637**
Issuance of units (Note 27)	**167,832**	**—**	**—**	**—**	**167,832**
(Loss)/profit for the year ended 31 December 2023 attributable to:					
– Unitholders	**(187,476)**	**—**	**—**	**—**	**(187,476)**
– Equity holders	**—**	**192,101**	**—**	**(8,580)**	**183,521**
Distributions paid to					
– Unitholders	**(451,772)**	**—**	**—**	**—**	**(451,772)**
– Equity holders	**—**	**—**	**—**	**(1,966)**	**(1,966)**
Change in fair value of property, plant and equipment, net of tax	**—**	**—**	**13,008**	**136**	**13,144**
Exchange differences on translation of foreign operations	**—**	**—**	**(205,109)**	**—**	**(205,109)**
At 31 December 2023	**15,632,979**	**327,358**	**(327,358)**	**1,206,832**	**16,839,811**

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	28(a)	**1,452,090**	1,033,418
Interest paid		**(854,716)**	(539,957)
Income tax paid		**(146,263)**	(139,317)
Net cash generated from operating activities		**451,111**	354,144
Cash flows from investing activities			
Additions of investment properties		**(45,726)**	(54,243)
Additions of property, plant and equipment		**(22,302)**	(15,421)
Payment for acquisition of subsidiaries, net of cash acquired		**—**	(3,640,741)
Disposal of property, plant and equipment		**41**	13
Interest received		**36,180**	25,511
Increase in bank deposits		**(90,000)**	(73,196)
Redemption on maturity of bank deposits		**30,000**	46,720
Net cash used in investing activities		**(91,807)**	(3,711,357)
Cash flows from financing activities			
Distributions paid		**(453,738)**	(893,242)
Proceeds from borrowings, net of transaction costs	28(c)	**6,776,240**	5,445,263
Repayment of borrowings	28(c)	**(6,797,528)**	(4,591,568)
Issuance of units		**—**	3,221,968
Settlement of derivative financial instruments	28(c)	**210,258**	102,748
Payment of lease liabilities		**(12,207)**	(10,847)
Net cash (used in)/generated from financing activities		**(276,975)**	3,274,322
Net increase/(decrease) in cash and cash equivalents		**82,329**	(82,891)
Cash and cash equivalents at beginning of the year		**1,333,773**	1,453,356
Effects of exchange rate changes on cash and cash equivalents		**1,625**	(36,692)
Cash and cash equivalents at end of the year	22	**1,417,727**	1,333,773

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 GENERAL INFORMATION

Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together, the "Group") are mainly engaged in the leasing of commercial properties in the People's Republic of China (the "PRC").

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited, as the trustee of Yuexiu REIT (the "Trustee") on 7 December 2005 (as amended by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Deed dated 25 July 2012, the Fourth Supplemental Deed dated 3 April 2020 and the Fifth Supplemental Deed dated 28 May 2021) and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to the applicable conditions imposed by Securities and Futures Commission of Hong Kong from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited on 21 December 2005.

These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements of Yuexiu REIT have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, these consolidated financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trusts (the "REIT Code"). The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties, hotel, serviced apartments and derivative financial instruments which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

As at 31 December 2023, the Group's current liabilities exceeded its current assets by RMB5,147 million (31 December 2022: RMB3,728 million) due to the borrowings of RMB5,845 million which will fall due within twelve months from the balance sheet date (31 December 2022: borrowings of RMB4,364 million fall due within twelve months from the balance sheet date). Taking into account the financial resources available, including further limit available under the Guaranteed Medium Term Note Programme of Yuexiu REIT MTN Company Limited ("MTN Programme"), and the available debts and notes limit, the Manager considers the Group has adequate resources to meet its liabilities as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the directors consider it is appropriate in preparing the consolidated financial statements on a going concern basis.

(i) Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The adoption of these new and revised standards did not result in any significant impact on the results and financial position of the Group.

2 MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Issued but not yet effective Hong Kong Financial Reporting Standards

The following revised standards have been issued but are not yet effective for the year ended 31 December 2023 and have not been early adopted by the Group. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1]	1 January 2024
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1]	1 January 2024
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to HKAS 21	*Lack of Exchangeability*	1 January 2025
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption

1 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The directors of the Manager anticipate that the adoption of these revised standards would not result in any significant impact on the results and financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by Yuexiu REIT. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Generally, there is a presumption that a majority of voting rights results in control. When Yuexiu REIT has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of net assets attributable to unitholders and changes in equity and balance sheet respectively.

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(ii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Manager that make strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is Yuexiu REIT's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "finance income" or "finance expenses". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "operating expenses, net".

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

(i) Hotel and serviced apartments comprise mainly buildings, leasehold improvements and fixtures and furniture of hotel and serviced apartments, and are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation. When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to net assets attributable to unitholders.

(ii) All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

The building portion of hotel and serviced apartments is depreciated over the shorter of the unexpired term of the legal titles and their estimated useful lives, being no more than 40 years after the date of completion.

Leasehold improvements, furniture and fixtures and office supplies	3-20 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/losses" in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Investment properties

Investment property, principally comprising leasehold land, office buildings and shopping mall, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Pieces of land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. The carrying value of the investment property is reviewed every six months and is independently valued by external valuer at least annually. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Any gain or loss arising on disposal of the investment property (calculated as the difference between the disposal proceeds and the carrying amount including revaluation of the asset) is recognised in the consolidated statement of comprehensive income in the period in which the investment property is disposed of. Changes in fair values are recorded in the profit or loss.

(g) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets of the acquired subsidiaries.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(h) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The derivative financial instruments is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised immediately in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(k) Inventories

Inventories comprise primarily food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Financial assets

(i) Classification

The Group classifies its financial assets in either those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), or those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the profit or loss. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

(i) Classification (continued)

A financial asset is initially measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments are subsequently measured depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/losses, net in the period in which it arises.

Equity investments are subsequently measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating expenses, net in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and lease receivables, the Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Cash and cash equivalents are also subject to the impairment requirements of HKFRS 9.

(m) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(m) Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of less than twelve months and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income.

Lease income from operating leases where the Group as a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(n) Rental deposits

Rental deposits are financial liabilities with fixed or determinable repayments. They arise when the Group enters into lease agreements directly with tenants. They are included in current liabilities, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current liabilities.

Rental deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. At initial recognition, the difference between the carrying amount of the financial liability and the actual consideration received is treated as initial premiums and recognised as rental income over the lease term, on a straight-line basis.

2 MATERIAL ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where Yuexiu REIT and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 MATERIAL ACCOUNTING POLICIES (continued)

(t) Current and deferred income tax (continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Revenue recognition

(i) Rental income

Operating lease rental income is recognised on a straight-line basis over the period of the lease. When the Group provides incentives to its tenants, the cost of incentives will be recognised over the lease term, on a straight-line basis, as a reduction of rental income. The difference between the gross receipt of rental and operating lease rental recognised over the lease term is recognised as deferred assets.

(ii) Hotel and serviced apartment income

Hotel and serviced apartment income is recognised in the accounting period in which the services are rendered.

(iii) Interest income

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

(v) Distributions to unitholders

In accordance with the Trust Deed, Yuexiu REIT is required to distribute to unitholders not less than 90% of the Group's profit for each financial year subject to adjustments allowed under the REIT Code and the Trust Deed. Yuexiu REIT has a limited life of 80 years from the date of establishment. These units are therefore classified as financial liabilities and presented under "net assets attributable to unitholders" in accordance with HKAS 32 and, accordingly, the distributions to unitholders are therefore presented as "transactions with unitholders" in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(w) Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Manager of Yuexiu REIT identifies and evaluates financial risks. The Manager provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(i) Market risk

(a) Foreign exchange risk

The Group operates principally in the Chinese Mainland with most of the transactions denominated in RMB. The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, short-term bank deposits, bank borrowings and an amount due to the Manager denominated primarily in Hong Kong dollar ("HK$") and United States dollar ("USD"). The Group uses certain derivative financial instruments to manage foreign exchange risk.

At 31 December 2023 and 2022, if RMB had weakened/strengthened by 1% against HK$ and USD with all other variables held constant, reserves and profit or loss before income tax and transactions with unitholders for the year ended 31 December 2023 would have been approximately RMB121,382,000 lower/higher (2022: RMB168,538,000 lower/higher).

(b) Cash flow interest rate risk

The Group's cash flow interest rate risk mainly arises from borrowings and derivatives with variable rates which expose the Group to cash flow interest rate risk.

With regard to cash flow interest rate risk of borrowings, when opportunities arise, the Group considers the use of interest rate swaps to fix the interest costs for the long term. At 31 December 2023, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before income tax and transactions with unitholders for the year ended 31 December 2023 would have been approximately RMB96,151,000 lower/higher (At 31 December 2022, if interest rates on borrowings and derivative financial instruments had been 1% higher/lower with all other variables held constant, profit before income tax and transactions with unitholders for the year ended 31 December 2022 would have been approximately RMB148,853,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(b) Cash flow interest rate risk (continued)

The exposures of the Group's borrowings to interest rate changes are as follows:

	As at 31 December 2023 RMB'000	% of total borrowings	As at 31 December 2022 RMB'000	% of total borrowings
Variable rate borrowings	**9,615,113**	**47%**	14,885,374	75%
Fixed rate borrowings	**10,639,443**	**53%**	5,019,783	25%
Total	**20,254,556**	**100%**	19,905,157	100%

The percentage of total borrowings shows the proportion of borrowings that are currently at variable rates in relation to the total amount of borrowings.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, amounts due from related parties, other receivables and deposits with banks and financial institutions, as well as credit exposures to tenants and hotel customers, including outstanding receivables.

The table below shows the bank deposit balance of the major banks at the balance sheet date. The credit risk for bank deposits and bank balances is considered by the Group to be minimal as such amounts are generally placed with reputable banks with good ratings.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
DBS Bank	**377,081**	501,197
Bank of China	**488,411**	402,707
China Construction Bank	**233,348**	161,879
Industrial and Commercial Bank of China	**170,901**	65,126
Chong Hing Bank	**4,688**	54,304
Other banks	**252,948**	198,210
	1,527,377	1,383,423

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

The Group has no policy to limit the amount of credit exposure to any financial institution.

In respect of credit exposures to tenants, which include lease receivables and certain tenant-related other receivables, credit risk exposure is minimised by undertaking transactions with a large number of counterparties and conducting credit reviews on prospective tenants. The Group also has policies in place to ensure that rental deposits equivalent to 2 to 3 months' rentals are required from tenants prior to the commencement of leases. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Accordingly, management considered that the expected credit loss on a collective basis is minimal. In addition, the Group regularly reviews the recoverable amount of each long overdue receivable on an individual basis to ensure that adequate provision for impairment losses is made for potentially irrecoverable amounts, which uses a lifetime expected loss allowance for lease receivables. The Group has also incorporated forward-looking information, which takes into account the macroeconomic factors in estimating the expected credit loss. The Group has no significant concentrations of credit risk. The carrying amount of the receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to these financial assets.

Other receivables mainly represented the property maintenance fund paid to local governments under enacted laws and regulations. The counterparties have strong financial capabilities and there is no history of default. The Group has assessed that there is no significant increase of credit risk for other receivables and the expected credit losses for other receivables are minimal.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from committed credit facilities and operating cash flow. The Group has short-term bank deposits and cash and cash equivalents of RMB1,507,727,000 as at 31 December 2023 (2022: RMB1,353,773,000). Due to the nature of the underlying business, the Manager maintains flexibility by adjusting the amount of distributions to be paid for the percentage in excess of 90% of the distributable income. The Group also maintains flexibility in funding by maintaining availability under committed credit lines.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total RMB'000
As at 31 December 2023					
Rental deposits	216,642	108,431	105,062	4,052	434,187
Trade payables	14,263	—	—	—	14,263
Accruals and other payables	489,511	—	—	—	489,511
Amounts due to related parties	123,829	—	—	—	123,829
Bank borrowings					
– Principal to be repaid	4,829,882	3,958,331	6,126,462	—	14,914,676
– Interest payables	767,284	356,874	268,575	—	1,392,733
Other borrowings					
– Principal to be repaid	1,014,799	—	4,325,081	—	5,339,880
– Interest payables	152,142	137,327	20,658	—	310,127
Lease liabilities	12,695	12,063	—	—	24,758

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total RMB'000
As at 31 December 2022					
Rental deposits	186,238	106,751	127,100	11,002	431,091
Trade payables	25,190	—	—	—	25,190
Accruals and other payables	356,115	—	—	—	356,115
Amounts due to related parties	142,036	—	—	—	142,036
Bank borrowings					
– Principal to be repaid	4,364,124	5,355,356	6,400,294	—	16,119,774
– Interest payables	839,200	641,966	289,405	—	1,770,571
Other borrowings					
– Principal to be repaid	—	999,905	2,785,478	—	3,785,383
– Interest payables	109,841	88,626	80,797	—	279,264
Derivative financial instruments	—	23,151	—	—	23,151
Lease liabilities	11,516	11,977	11,380	—	34,873

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders.

Consistent with others in the industry, the Manager monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings (including current and non-current borrowings) divided by the total asset value as shown in the consolidated balance sheet.

During 2023, the Group's strategy was to maintain a gearing ratio not exceeding 50% (2022: 50%). The gearing ratios at 31 December 2023 and 2022 were as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total borrowings (note 26)	**20,254,556**	19,905,157
Total asset value	**43,846,081**	43,866,432
Gearing ratio	**46%**	45%

(c) Fair value estimation

The carrying amounts of the Group's current financial assets and current financial liabilities approximate to their fair values due to their short maturities.

The fair value of non-current financial assets and financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

See Note 13 for disclosures of property, plant and equipment, Note 15 for investment properties, and Note 19 for derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4 CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of property, plant and equipment and investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the directors of the Manager determine the amount within a range of reasonable fair value estimates. In making their judgement, the directors of the Manager consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition. These valuations are reviewed annually by external valuers.

The fair value of property, plant and equipment and investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 13 and 15 respectively.

(b) Estimate of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(g). The assessment of recoverable amount calculations requires the use of estimates.

(c) Estimates of fair values of derivative financial instruments

Fair values are arrived at using valuations provided by the counterparty banks/valuer for each reporting period with reference to market data. Actual results may differ when assumptions and market conditions changes.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Manager. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resource allocation.

The executive directors consider the business by nature of business activities and assess the performance of hotel and serviced apartments, office rental and wholesale and shopping mall.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded corporate assets which are not directly attributable to segments.

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
Year ended 31 December 2023				
Revenue from external customers	**535,634**	**1,204,633**	**346,588**	**2,086,855**
Segment results	**34,020**	**1,057,083**	**273,048**	**1,364,151**
Depreciation	**139,877**	**—**	**—**	**139,877**
Fair value gains/(losses) on investment properties	**—**	**45,916**	**(18,337)**	**27,579**

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
Year ended 31 December 2022				
Revenue from external customers	350,531	1,275,385	246,944	1,872,860
Segment results	(62,261)	1,128,701	57,164	1,123,604
Depreciation	146,858	19	—	146,877
Fair value gains/(losses) on investment properties	—	55,324	(151,137)	(95,813)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5 REVENUE AND SEGMENT INFORMATION (continued)

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
As at 31 December 2023				
Total reportable segment assets	**3,642,780**	**30,036,284**	**9,280,305**	**42,959,369**
As at 31 December 2022				
Total reportable segment assets	3,735,044	29,863,243	9,321,980	42,920,267

A reconciliation of total segment results to profit/(loss) before income tax and transactions with unitholders is provided as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Segment results	**1,364,151**	1,123,604
Changes in fair value of derivative financial instruments	**145,327**	397,763
Finance income	**36,180**	25,511
Finance expenses	**(1,069,506)**	(1,521,724)
Unallocated operating costs (Note)	**(228,655)**	(298,108)
Profit/(loss) before income tax and transactions with unitholders	**247,497**	(272,954)

Note: Unallocated operating costs include mainly the manager's fee, legal and professional expenses and other operating expenses.

A reconciliation of reportable segment assets to total assets is provided as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total reportable segment assets	**42,959,369**	42,920,267
Unallocated assets	**886,712**	946,165
Total assets	**43,846,081**	43,866,432

5 REVENUE AND SEGMENT INFORMATION (continued)

	Revenue Year ended 31 December		Total assets As at 31 December	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Chinese Mainland and Hong Kong	**2,086,855**	1,872,860	**42,959,369**	42,920,267
Unallocated assets			**886,712**	946,165
			43,846,081	43,866,432

Note: Unallocated assets include mainly cash and cash equivalents of the holding company and goodwill.

The Group's revenue by nature is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Hotel and serviced apartment operations		
– Room	**319,532**	215,068
– Food and beverages	**117,330**	123,588
– Others	**98,772**	11,875
Property rentals	**1,551,221**	1,522,329
	2,086,855	1,872,860

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue recognised at a point in time	**213,221**	128,312
Revenue recognised over time	**319,794**	219,928
Other sources	**1,553,840**	1,524,620
	2,086,855	1,872,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6 EXPENSES BY NATURE, NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Property management fees (i)(Note 29(a))	**47,469**	46,713
Employee benefit expenses (Note 7)	**116,149**	97,196
Real estate tax	**203,286**	193,544
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	**10,623**	10,042
Withholding tax (ii)	**40,633**	29,468
Depreciation of property, plant and equipment (Note 13)	**90,592**	87,509
Depreciation of staff quarters (Note 14)	**10,102**	10,086
Depreciation of land use rights (Note 14)	**49,285**	49,282
Cost of inventories sold or consumed in operation	**114,007**	88,871
Other direct expenses on hotel and serviced apartments	**101,424**	63,899
Manager's fee (Note 8) (Note 29(a))	**170,273**	166,530
Trustee's fee (Note 29(a))	**12,734**	12,703
Valuation fees	**1,162**	856
Legal and professional fee	**4,063**	14,056
Auditor's remuneration	**2,400**	3,889
Bank charges	**442**	386
Foreign exchange (gains)/losses arising from operating activities	**(23,402)**	48,564
Others	**27,696**	27,957
Total operating expenses, net	**978,938**	951,551

Notes:

(i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng BM"), Guangzhou Baima Business Operation Management Co., Ltd. ("Baima BM") and Guangzhou IFC Business Management Co., Ltd. ("GZ IFC Management") (formerly named as Guangzhou Yuexiu Asset Management Company Limited ("GZ AM")).

(ii) Withholding tax on the rental income and interest income derived from properties located in Chinese Mainland and held by BVI companies is calculated at a rate of 10%.

7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonus	75,904	59,671
Pension costs	8,518	8,301
Social security costs and staff welfare	31,727	29,224
	116,149	97,196

Pension scheme arrangements

Certain subsidiaries of Yuexiu REIT in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Governments. The Group has no further obligation for the actual payment of pensions beyond its contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as the manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from an external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of a deposited property comprising Real Estate, as defined in the Trust Deed.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Manager's fee:		
In the form of units	170,273	166,530

Pursuant to the circular of Yuexiu REIT dated 13 November 2021 ("2021 Circular") and subsequent announcement dated 14 January 2022, all of the manager's fee for the year ended 31 December 2022, was paid in the form of units. Pursuant to the announcement dated 13 January 2023, all of the manager's fee for the year ended 31 December 2023, will be paid in the form of units. In accordance with the Trust Deed, the Manager fee units for the year ended 31 December 2023 are expected to be issued on 22 March 2024. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the higher of (i) the closing price of the units on the trading day immediately preceding 22 March 2024 and (ii) the average closing price of the units in the 10 trading days immediately preceding 22 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9 FINANCE INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest income from bank deposits	32,727	22,058
Interest income from a related company (Note 29(a))	3,453	3,453
	36,180	25,511

10 FINANCE EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest expense for bank borrowings	743,441	440,751
Interest expense for other borrowings	159,324	105,580
Interest and finance charges paid/payable for lease liabilities (Note 14)	1,185	342
Amortisation of transaction costs for borrowings	21,897	27,079
Interest expense due to a related party (Note 29(a))	—	3,619
Foreign exchange losses on financing activities	143,659	944,353
	1,069,506	1,521,724

11 INCOME TAX EXPENSE

For the subsidiaries incorporated and operate in Chinese Mainland, they are subject to corporate income tax at a rate of 25% under the Corporate Income Tax Law of the People's Republic of China (the "China CIT Law").

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 6 (ii).

No Hong Kong profits tax has been provided as the Group has no assessable profits in Hong Kong.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current income tax		
– corporate income tax	72,225	53,518
– withholding tax	43,664	31,885
Deferred income tax (Note 23)	135,563	152,583
	251,452	237,986

The tax on the Group's profit/(loss) before income tax and transactions with unitholders differs from the theoretical amount that would arise using the corporate income tax rate of Chinese Mainland as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax and transactions with unitholders	247,497	(272,954)
Tax calculated at the domestic tax rate of 25%	61,874	(68,239)
Expenses not deductible for tax purposes	1,221	1,864
Under provision in prior years	2,027	7,390
Withholding tax on unremitted earnings of subsidiaries (Note a)	63,929	61,297
Utilisation of previously unrecognised tax losses	(831)	(539)
Tax losses for which no deferred income tax asset was recognised	52,281	46,191
Effect of different tax rates	148,109	265,878
Other tax deduction	(77,158)	(75,856)
	251,452	237,986

Note a:

According to the China CIT Law, a withholding tax of 10% or 5% will be levied on the immediate holding companies outside Chinese Mainland when their Chinese Mainland subsidiaries pay dividends out of profits earned after 1 January 2008. Accordingly, deferred income tax liabilities of RMB656,414,000 (31 December 2022: RMB635,601,000) were recognised for the withholding tax that would be payable on the unremitted earnings of the Group's Chinese Mainland subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12 EARNINGS/(LOSS) PER UNIT BASED UPON PROFIT/(LOSS) AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

(a) Basic

Basic earnings/(loss) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit/(loss) after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the year.

	Year ended 31 December	
	2023	**2022**
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	**4,625**	(529,044)
Weighted average number of units in issue ('000)	**4,842,400**	4,596,839
Basic earnings/(loss) per unit (RMB)	**0.001**	(0.115)

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units (Note 27) outstanding and the manager's fee in form of units during the year which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. For the purpose of calculating diluted earnings per unit, the number of units calculated for the manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 31 December 2023.

	Year ended 31 December	
	2023	**2022**
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	**4,625**	(529,044)
Weighted average number of units in issue ('000)	**4,842,400**	4,596,839
Adjustments for deferred units ('000)	**232,809**	—
Adjustments for manager's fee in form of units ('000)	**149,122**	—
Weighted average number of units for diluted earnings/(losses) per unit ('000)	**5,224,331**	4,596,839
Diluted earnings/(losses) per unit (RMB)	**0.001**	(0.115)

13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2022				
Cost	2,406,151	13,083	8,977	2,428,211
Accumulated depreciation	(841,264)	(12,820)	(8,526)	(862,610)
Fair value gains on revaluation	593,113	—	—	593,113
Net book amount	2,158,000	263	451	2,158,714
Year ended 31 December 2022				
Opening net book amount	2,158,000	263	451	2,158,714
Additions	16,618	—	—	16,618
Disposal	(79)	—	(12)	(91)
Depreciation (Note 6)	(87,490)	(19)	—	(87,509)
Fair value gains on revaluation	95,951	—	—	95,951
Closing net book amount	2,183,000	244	439	2,183,683
At 31 December 2022				
Cost	2,421,202	13,083	8,747	2,443,032
Accumulated depreciation	(927,266)	(12,839)	(8,308)	(948,413)
Fair value gains on revaluation	689,064	—	—	689,064
Net book amount	2,183,000	244	439	2,183,683
Year ended 31 December 2023				
Opening net book amount	**2,183,000**	**244**	**439**	**2,183,683**
Additions	**20,340**	**—**	**—**	**20,340**
Disposal	**(6)**	**—**	**(41)**	**(47)**
Depreciation (Note 6)	**(90,592)**	**—**	**—**	**(90,592)**
Fair value gains on revaluation	**18,258**	**—**	**—**	**18,258**
Closing net book amount	**2,131,000**	**244**	**398**	**2,131,642**
At 31 December 2023				
Cost	**2,441,406**	**13,083**	**7,922**	**2,462,411**
Accumulated depreciation	**(1,017,728)**	**(12,839)**	**(7,524)**	**(1,038,091)**
Fair value gains on revaluation	**707,322**	**—**	**—**	**707,322**
Net book amount	**2,131,000**	**244**	**398**	**2,131,642**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13 PROPERTY, PLANT AND EQUIPMENT (continued)

If hotel and serviced apartments had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB1,308,624,000 (2022: RMB1,428,462,000).

As at 31 December 2023, property, plant and equipment with an aggregate carrying amount of RMB1,897 million (2022: RMB1,944 million) were pledged as collateral for the Group's bank borrowings (Note 26).

The following table illustrates an analysis of the property, plant and equipment carried at fair value:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance	**2,183,000**	2,158,000
Additions	**20,340**	16,618
Disposal	**(6)**	(79)
Depreciation	**(90,592)**	(87,490)
Unrealised gains recognised in reserves	**18,258**	95,951
Closing balance	**2,131,000**	2,183,000
Unrealised gains for the year included in other comprehensive income at the end of the year	**18,258**	95,951

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Savills Valuation and Professional Services Limited ("Savills"), being an independent qualified valuer not related to the Group as at 31 December 2023 (2022: Colliers International (Hong Kong) Limited ("Colliers")).

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to senior management. Discussions of valuation processes and results are held between management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuation movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

The fair value of the building portions of hotel and serviced apartments of Guangzhou International Finance Centre ("Guangzhou IFC") is derived using the depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portions of hotel and serviced apartments of Guangzhou IFC which include building costs, finance costs and professional fee. Depreciation is also considered to reflect the physical deterioration, functional and economic obsolescence to derive the fair value.

The overall fair value (including land and building portions) of hotel and serviced apartments in Chinese Mainland is generally derived using the discounted cash flow analysis. Due to the lack of land transactions in market, the fair value of land, for disclosure purposes only as set out in Note 14, is therefore calculated as the difference between the overall fair value (including land and building portions) under the discounted cash flow analysis and the fair value of building portions under the depreciated replacement cost method.

The building portions of hotel and serviced apartments in property, plant and equipment are included in Level 3 (2022: Level 3) of the fair value hierarchy.

Significant inputs used to determine fair value

Building costs are estimated by reference to market construction costs of other similar buildings. The higher the building costs, finance costs and professional fee, the higher the fair value will be.

Discount rates are estimated by Savills Valuation and Professional Services Limited (2022: Colliers International (Hong Kong) Limited) based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value will be. Prevailing market room rents are estimated based on recent lettings for hotel and serviced apartments in Chinese Mainland, within the subject properties and other comparable properties. The lower the rents, the lower the fair value will be.

The adopted valuation assumptions in the depreciated replacement cost method are summarised as follows:

As at 31 December 2022

	Depreciated replacement cost method		
	Building cost (RMB/m²)	Finance costs (% of construction costs)	Professional fee (% of construction costs)
Hotel	21,090	4.65	6
Serviced apartments	17,205	4.65	6

As at 31 December 2023

	Depreciated replacement cost method		
	Building cost (RMB/m²)	Finance costs (% of construction costs)	Professional fee (% of construction costs)
Hotel	**19,000**	**4.75**	**3**
Serviced apartments	**17,100**	**4.75**	**3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

14 LEASES

The consolidated balance sheet shows the following amounts relating to leases:

	Land use rights RMB'000	Staff quarter RMB'000	Total RMB'000
Right-of-use assets			
At 1 January 2022	1,232,114	9,146	1,241,260
Addition	—	33,856	33,856
Depreciation (Note 6)	(49,282)	(10,086)	(59,368)
At 31 December 2022	1,182,832	32,916	1,215,748
At 1 January 2023	**1,182,832**	**32,916**	**1,215,748**
Depreciation (Note 6)	**(49,285)**	**(10,102)**	**(59,387)**
At 31 December 2023	**1,133,547**	**22,814**	**1,156,361**

On 22 November 2022, the Group entered into a renewal lease contract with Guangzhou Yuexiu Star Apartment Management Co., Ltd. in respect of the staff quarters used as accommodation for some of the hospitality staff for a further term of three years with effect from 1 December 2022.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Lease liabilities		
Current portion	**11,965**	10,485
Non-current portion	**11,826**	22,517
	23,791	33,002

As at 31 December 2023, the fair value of land use rights was approximately RMB2,657 million (2022: RMB2,474 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2023, right-of-use assets were pledged with an aggregate net book amount of approximately RMB1,050 million (2022: RMB1,101 million) as collateral for the Group's bank borrowings (Note 26).

14 LEASES (continued)

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets (Note 6)		
Land use rights	**49,285**	49,282
Staff quarters	**10,102**	10,086
	59,387	59,368
Interest expense (included in finance expenses) (Note 10)	**1,185**	342
	1,185	342

The total cash outflows for leases in 2023 was RMB12,207,000 (2022: RMB11,189,000).

15 INVESTMENT PROPERTIES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance	**37,702,232**	37,657,000
Addition from acquisition of subsidiaries	**—**	113,207
Capitalisation of transaction costs for the acquisition of subsidiaries	**—**	1,653
Exchange differences	**1,619**	(601)
Capitalised expenditure	**39,716**	26,786
Fair value gains/(losses) during the year, included in profit or loss under "Fair value gains/(losses) on investment properties"	**27,579**	(95,813)
Closing balance	**37,771,146**	37,702,232
Fair value gains/(losses) for the year included in profit or loss for assets held at the end of the year, under "Fair value gains/(losses) on investment properties"	**27,579**	(95,813)

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties in 2023 amounted to RMB291,931,000, among which, RMB32,036,000 was related to investment properties that were vacant.

As at 31 December 2023, investment properties with an aggregate carrying value of approximately RMB3,753 million (2022: RMB3,847 million) were pledged as collateral for the Group's bank borrowings (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15 INVESTMENT PROPERTIES (continued)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills, being an independent qualified valuer not related to the Group as at 31 December 2023 (2022: Colliers).

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to senior management. Discussions of valuation processes and results are held between management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuation movements compared to the prior year valuation report
- Holds discussions with the independent valuer

Valuation techniques

(a) Investment properties in Chinese Mainland

As at 31 December 2023 and 2022, Savills and Colliers relied on the income capitalisation method as the primary approach and cross-checked by the direct comparison approach. The use of the income capitalisation method is in line with the market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation method is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. Appropriate adjustments or deductions for rent-free periods, ongoing vacancy voils, marketing periods and non-recoverable expenses for the vacant space have been considered.

The income capitalisation method is used to capitalise the unexpired rental income of contractual tenancies. It has also taken into account the reversionary market rent after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

(b) Investment properties in Hong Kong

As at 31 December 2023 and 2022, Savills and Colliers relied on the direct comparison approach for the valuation of investment properties located in Hong Kong. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The key input under this approach is the price per square foot from current year sales of comparable properties.

The investment properties are included in Level 3 (2022: Level 3) of the fair value hierarchy.

15 INVESTMENT PROPERTIES (continued)

Significant inputs used to determine fair value

(a) Investment properties in Chinese Mainland

Capitalisation rates are estimated by Savills and Colliers as at 31 December 2023 and 2022 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value will be.

Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value will be.

The adopted valuation assumptions in the income capitalisation method are summarised as follows:

As at 31 December 2023

	Fair value (RMB'000)	Monthly market unit rent (RMB per sq.m.)	Capitalisation rate (per annum)
Office	**27,246,400**	**78 to 275**	**4.50% to 7.00%**
Wholesale and shopping mall	**10,416,000**	**33 to 1,023**	**4.50% to 7.50%**

As at 31 December 2022

	Fair value (RMB'000)	Monthly market unit rent (RMB per sq.m.)	Capitalisation rate (per annum)
Office	28,322,000	90 to 319	4.00% to 6.25%
Wholesale and shopping mall	9,265,000	65 to 1,035	4.00% to 7.25%

(b) Investment properties in Hong Kong

Sales prices are estimated based on recent market transactions. The higher the prices, the higher the fair value will be.

The adopted valuation assumption in the direct comparison approach is as follows:

As at 31 December 2023

	Fair value (RMB'000)	Unit sales price (HKD per sf.)
17/F, Hong Kong Yue Xiu Building	**53,467**	**15,365**
23/F, Hong Kong Yue Xiu Building	**55,279**	**15,885**

As at 31 December 2022

	Fair value (RMB'000)	Unit sales price (HKD per sf.)
17/F, Hong Kong Yue Xiu Building	56,544	16,400
23/F, Hong Kong Yue Xiu Building	58,688	17,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16 SUBSIDIARIES

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
GZI REIT (Holding) 2005 Company Limited [3]	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK$1	100%
Yuexiu REIT 2012 Company Limited [3]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT MTN Company Limited ("REIT MTN") [3]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT 2013 Company Limited [3]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Partat Investment Limited [4]	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Moon King Limited [4]	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Full Estates Investment Limited [4]	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Keen Ocean Limited [4]	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Tower Top Development Ltd. ("Tower Top") [4]	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary shares of USD1	99.99%
Bliss Town Holdings Ltd. [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
Hoover Star International Ltd. [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Miller Win Group Ltd. [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Shinning Opal Management Ltd. [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Ever Joint Investment International Limited [4]	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK$1	99.99%
Long Grace Holdings Limited [4]	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1	99.99%
Profit Link Investment International Limited [4]	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1	99.99%
San Bright Holdings Limited [4]	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1	99.99%
Guangzhou Yuecheng Industrial Ltd. [1,4]	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK$300 million	99.99%
Guangzhou Yuesheng Industrial Ltd. [1,4]	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK$300 million	99.99%
Guangzhou Yuehui Industrial Ltd. [1,4]	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK$300 million	99.99%
Guangzhou Yueli Industrial Ltd. [1,4]	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK$300 million	99.99%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd [4]	Chinese Mainland, limited liability company	Property management and property leasing in Chinese Mainland	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co., Ltd [4]	Chinese Mainland, limited liability company	Hospitality management in Chinese Mainland	Registered capital of RMB5 million	98.99%
Shanghai Hong Jia Real Estate Development Co., Ltd. [1,4]	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of USD28.5 million	100%
Bestget Enterprises Limited [4]	Hong Kong, limited liability company	Investment holding in Hong Kong	257,614,000 ordinary shares of HK$257,614,000	100%
Fully Cheer Management Ltd. [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Sure Win International Holdings Limited [4]	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1	100%
Wuhan Yuexiu Property Development Limited [2,4]	Mainland China, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB2,200,000,000	67%
Yuexiu REIT 2017 Company Limited [3]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Wealthy Reach Holdings Limited [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
Prime Glory Group Holdings Limited [4]	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1	100%
Guangzhou Xiujiang Industries Development Co., Limited [1,4]	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of RMB550,000,000	100%
Hangzhou Yuehui Real Estate Development Co., Limited [4]	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB470,000,000	100%
Yuexiu REIT 2018 Company Limited [3]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
廣州晉耀置業有限公司[4]	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州譽耀置業有限公司[4]	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州景耀置業有限公司[4]	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州佳耀置業有限公司[4]	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州匯盛實業投資合夥企業(有限合夥)[4]	Chinese Mainland, limited liability company	Investing holding	Registered capital of RMB8,100,000,000	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
廣州駿盛經濟資訊諮詢有限公司 [1,4]	Chinese Mainland, limited liability company	Investing holding	Registered capital of RMB1,000,000	100%
Legend Smart (China) Limited [4]	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK$1	100%
Gain Force Investments Limited ("Gain Force") [4]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT Secure Shell Limited ("Secure Shell") [3]	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Blow Light Investments Limited [4]	Hong Kong, limited liability company	Leasing of commercial properties in Hong Kong	Registered capital of HK$10,000	100%
Artform Investment Limited [4]	Hong Kong, limited liability company	Leasing of commercial properties in Hong Kong	Registered capital of HK$100,000	100%

The non-controlling interests in respect of each subsidiary are not individually or collectively material to the Group.

Notes:

1 These companies are registered as wholly foreign owned enterprises under PRC law.

2 These companies are registered as Sino-foreign equity joint ventures under PRC law.

3 Shares of these companies are held directly by Yuexiu REIT.

4 Shares of these companies are held indirectly by Yuexiu REIT.

17 DEFERRED ASSETS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Rental income is recognised on an accrued basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised within twelve months after the balance sheet date are classified as current assets. The balance of prepayments, deposits and other receivables mainly represents other tax prepayments, deposits for utilities and property maintenance fund. The deferred assets, prepayments, deposits and other receivables are denominated in RMB.

18 GOODWILL

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	859,868	859,868

Goodwill is monitored by management. The goodwill is presented below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
The PRC	859,868	859,868

Goodwill of the Group mainly represents the deferred income tax liabilities in relation to the investment properties acquired through business combinations. In assessing whether goodwill has suffered any impairment, the carrying values of the respective investment properties as at year end are compared with their fair values as at the acquisition completion dates. Key assumptions used for goodwill impairment are consistent with those used in the valuation of investment properties. The results of the tests undertaken as at 31 December 2023 and 2022 indicated no impairment existed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Current assets		
Interest rate swap contracts	—	37,254
Foreign exchange contracts	**12,015**	62,751
	12,015	100,005
Non-current liabilities		
Foreign exchange contracts	—	23,151

The derivative financial instruments are classified as non-current assets or liabilities if the settlement date is beyond 12 months after the balance sheet date.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2022 were HK$2,800,000,000 due on 21 August 2023. The interest rate swap contracts have been settled in 2023.

The notional principal amounts of the outstanding foreign exchange forward contracts at 31 December 2023 were HK$1,120,000,000 due on 28 May 2024 (31 December 2022: HK$500,000,000 due on 21 December 2023 and HK$1,120,000,000 due on 28 May 2024).

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 31 December 2022 were HK$1,500,000,000 due on 21 December 2023 and HK$2,800,000,000 due on 18 August 2023. The capped foreign exchange forward contracts have been settled in 2023.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair values of foreign exchange forward contracts are based on valuation of the instruments provided by the counterparty banks, which are determined by reference to the present values of the estimated future cash flows, taking into account market observable interest rate yield curves and forward exchange rates at each reporting date. As significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2 of the fair value hierarchy.

The following amounts were recognised in profit or loss in relation to derivatives:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Unrealised fair value changes of derivative financial instruments	**35,277**	104,142
Net realised gains from derivative financial instruments	**110,050**	293,621
	145,327	397,763

20 TRADE AND LEASE RECEIVABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade and lease receivables	23,523	33,438
Loss allowance	(1,294)	(765)
Trade and lease receivables, net	22,229	32,673

Due to the short-term nature of the current receivables, the fair values of trade and lease receivables approximate to their carrying amounts.

The credit terms of the Group are generally within three months. The ageing analysis of trade and lease receivables by the invoice date is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
0 - 30 days	16,902	19,520
31 - 90 days	4,339	12,025
91 - 180 days	572	925
181 - 365 days	257	318
Over 1 year	1,453	650
	23,523	33,438

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group's trade and lease receivables are mainly denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21 INVENTORIES

The balance of inventories mainly consists of food, beverage, consumables and operating supplies.

22 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash at banks and on hand	**1,233,148**	1,154,625
Bank deposits with original maturity of less than three months	**184,579**	179,148
Cash and cash equivalents	**1,417,727**	1,333,773
Bank deposits with original maturity of more than three months and less than twelve months	**90,000**	20,000
Bank deposits with original maturity of more than twelve months	**20,000**	30,000
Total	**1,527,727**	1,383,773
Maximum exposure to credit risk	**1,527,377**	1,383,423

As at 31 December 2023, included in the bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,289,621,000 (2022: RMB949,818,000) denominated in RMB, which is not a freely convertible currency in the international market. The remittance of these funds out of Chinese Mainland is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates as disclosed in Note 3(a)(ii). The existing counterparties do not have defaults in the past.

The carrying amounts of bank deposits and cash and cash equivalents approximate to their fair values.

The effective interest rates (per annum) of the deposits at the balance sheet date were as follows:

	As at 31 December	
	2023	2022
Bank deposits with original maturity of more than twelve months	**2.60%**	2.60%
Bank deposits with original maturity of less than twelve months	**1.70% to 4.90%**	2.00% to 4.50%

22 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

Bank deposits and cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
RMB	**1,289,971**	950,168
HK$	**221,353**	378,224
USD	**16,403**	55,381
	1,527,727	1,383,773

23 DEFERRED TAX LIABILITIES

The movements in the net deferred tax liabilities are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Beginning of the year	**5,380,971**	5,201,515
Deferred taxation charged to profit or loss (Note 11)	**135,563**	152,583
Deferred taxation charged to reserves	**5,114**	26,873
End of the year	**5,521,648**	5,380,971

The movements in deferred tax assets (prior to offsetting the balances within the same taxation jurisdiction) during the year are as follows:

	Tax losses and others RMB'000
At 1 January 2022	27,517
Charged to profit or loss	(8,884)
At 31 December 2022	18,633
At 1 January 2023	**18,633**
Charged to profit or loss	**(5,029)**
At 31 December 2023	**13,604**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

23 DEFERRED TAX LIABILITIES (continued)

The movements in deferred tax liabilities (prior to offsetting the balances within the same taxation jurisdiction) during the year are as follows:

	Fair value change RMB'000	Withholding tax in respect of unremitted earnings of subsidiaries RMB'000	Accelerated depreciation allowance and others RMB'000	Total RMB'000
Year ended 31 December 2022				
At 1 January 2022	3,762,763	603,304	862,965	5,229,032
Charged to profit or loss	18,303	29,412	95,984	143,699
Charged to reserves	23,988	2,885	—	26,873
At 31 December 2022	3,805,054	635,601	958,949	5,399,604
Year ended 31 December 2023				
At 1 January 2023	**3,805,054**	**635,601**	**958,949**	**5,399,604**
Charged to profit or loss	**30,667**	**20,264**	**79,603**	**130,534**
Charged to reserves	**4,565**	**549**	**—**	**5,114**
At 31 December 2023	**3,840,286**	**656,414**	**1,038,552**	**5,535,252**

24 TRADE PAYABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade payables	**14,263**	25,190

The fair values of trade payables approximate to their carrying amounts.

The ageing analysis of the trade payables, based on their invoice date, is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
0 - 30 days	**7,796**	15,038
31 - 90 days	**3,443**	7,630
91 - 180 days	**970**	2,402
180 - 365 days	**761**	115
Over 1 year	**1,293**	5
	14,263	25,190

All of the Group's trade payables are denominated in RMB.

25 RENTAL DEPOSITS, RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Rental deposits		
Current portion	216,442	186,238
Non-current portion	192,097	209,987
	408,539	396,225
Receipts in advance		
Current portion	111,392	96,553
Accrued urban real estate tax	54,137	60,702
Accrued withholding tax payable	7,050	11,285
Accrued surcharge tax	15,568	16,753
Construction payable	179,854	186,625
Transaction costs payable for the acquisition of Gain Force (the "Acquisition") (i)	7,731	7,731
Accruals for other operating expenses	132,065	125,295
Accrued interest expenses	93,106	45,057
Accruals and other payables	489,511	453,448
	1,009,442	946,226

(i) On 23 December 2021, the Group completed the acquisition of the 100% equity interests in Gain Force and its subsidiaries, which are engaged in the leasing of Yuexiu Financial Tower, an international Grade A office building located in Guangzhou.

(ii) The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate to their fair values. The majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

26 BORROWINGS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Current portion of long-term borrowings		
Bank borrowings		
– Secured (Note a)	165,000	85,000
– Unsecured	4,664,882	4,279,124
Other borrowings, unsecured (Note b)	1,014,799	—
	5,844,681	4,364,124
Long-term borrowings		
Bank borrowings		
– Secured (Note a)	5,110,233	1,234,400
– Unsecured (Note c)	9,804,443	14,885,374
Other borrowings, unsecured (Note b)	5,339,880	3,785,383
Total long-term borrowings	20,254,556	19,905,157
Less: current portion of long-term borrowings	(5,844,681)	(4,364,124)
Non-current portion of long-term borrowings	14,409,875	15,541,033
Analysed into:		
Unsecured	15,144,323	18,670,757
Secured	5,110,233	1,234,400
	20,254,556	19,905,157

Note a:

As at 31 December 2023, bank loans of approximately RMB5,110 million (2022: RMB1,234 million) are secured by certain parts of Guangzhou IFC with a carrying value of RMB6,700 million (2022: RMB6,892 million).

The Group's borrowings are repayable as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within one year	5,844,681	4,364,124
Between one year and five years	14,409,875	15,541,033
	20,254,556	19,905,157

26 BORROWINGS (continued)

The effective interest rates (per annum) of the borrowings at the balance sheet date were as follows:

	As at 31 December	
	2023	2022
RMB	**3.49%**	3.45%
HK$	**6.39%**	5.31%
USD	**2.72%**	2.72%

The carrying amounts of the borrowings are denominated in RMB, HK$ and USD and approximate to their fair values.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
RMB	**7,954,404**	1,234,400
HK$	**9,473,012**	15,885,279
USD	**2,827,140**	2,785,478
	20,254,556	19,905,157

Note b:

On 2 February 2021, REIT MTN, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total principal amount of USD$400 million of 2.65% notes due in February 2026 to investors under the MTN Programme, which was updated in January 2021.

On 28 May 2019 and 14 June 2019, REIT MTN, issued and sold HK$770 million and HK$350 million principal amounts of 3.6% additional notes both due in May 2024 to investors under the MTN Programme.

On 24 March 2023, MOON KING LIMITED, a wholly owned subsidiary of Yuexiu REIT, issued and sold a RMB1,500 million principal amount of 4.15% guaranteed notes due in March 2026.

Note c:

Among the balance, an outstanding borrowing was HK$260,000,000 due to Yue Xiu Investment Consultants Limited ("YXIC") as of 31 December 2023. The borrowing is at an interest rate of HIBOR plus 1.5% with a five-year term commencing on 29 April 2020, which was originally drawn down under the facility agreement between Secure Shell (as borrower) and several banks (as lenders) (the "Facility Agreement") and was subsequently transferred from one of the original lenders to YXIC on 17 August 2023. Pursuant to the Facility Agreement, Yuexiu REIT and Secure Shell were not parties to or otherwise involved in the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

27 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance	**16,104,395**	14,717,852
Issuance of units	**167,832**	3,359,022
Transfer to the consolidated statement of comprehensive income	**(187,476)**	(1,086,845)
Distributions paid during the year	**(451,772)**	(800,634)
Special distribution for the Acquisition	**—**	(85,000)
Closing balance	**15,632,979**	16,104,395

The movements in the number of existing units are as follows:

	Year ended 31 December	
	2023	2022
Units in issue ('000)		
Opening balance	**4,783,780**	3,417,224
Manager's fee in form of units (Note a)	**109,958**	57,153
Issuance of deferred units during the year (Note b)	**22,000**	75,000
Rights issue for the Acquisition (the "Rights Issue") (Note c)	**—**	1,234,403
Closing balance	**4,915,738**	4,783,780

Note a:

During 2023, 109,957,846 units were issued for payment of the manager's fee (2022: 57,152,859 units).

Note b:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP a certain number of units starting from 31 December 2016 (the "Deferred Units"). The number of Deferred Units to be issued to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. Accordingly, 22,000,000 Deferred Units were issued on 31 December 2023 (2022: 75,000,000 Deferred Units).

Pursuant to the terms disclosed in the 2021 Circular, in light of the subscription price of the Rights Issue (being HK$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement (being HK$3.67), which was made on 24 October 2021 in relation to the Acquisition, the issue price for the Deferred Units (the "Deferred Units Issue Price") shall be adjusted by multiplying the current Deferred Units Issue Price (being HK$4.00 per unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between YXP, the Trustee and the Manager and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The adjusted Deferred Units Issue Price is HK$3.86 per unit and the number of Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment. The Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

Note c:

On 26 January 2022, a total of 1,234,403,038 units were issued on the basis of 37 units for every 100 units held on the Rights Issue record date for HK$3.20 per unit.

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before income tax and transactions with unitholders to cash generated from operations:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax and transactions with unitholders	247,497	(272,954)
Adjustments for:		
– Depreciation expenses of property, plant and equipment	90,592	87,509
– Depreciation of right-of-use assets	59,387	59,368
– Amortisation of transaction costs for bank borrowings	21,897	27,079
– Foreign exchange losses on financing activities	143,659	944,353
– Fair value (gains)/losses on investment properties	(27,579)	95,813
– Fair value gains on derivative financial instruments	(145,327)	(397,763)
– Exchange (gains)/losses on operating activities	(23,402)	33,343
– Loss on disposal of property, plant and equipment	6	78
– Impairment allowance for trade and lease receivables	529	115
– Interest income	(36,180)	(25,511)
– Interest and finance charges paid/payable for lease liabilities	1,185	342
– Interest expenses	902,765	549,950
Changes in working capital:		
– Deferred assets	36,525	44,572
– Inventories	3	174
– Trade and lease receivables	10,444	(6,507)
– Amounts due from related parties	(13,222)	16,861
– Prepayments, deposits and other receivables	7,276	(7,347)
– Trade payables	(10,927)	(2,371)
– Rental deposits	12,314	(29,474)
– Receipts in advance	14,839	(24,108)
– Accruals and other payables	28,647	(94,070)
– Amounts due to related parties	131,162	33,966
Cash generated from operations	1,452,090	1,033,418

(b) Major non-cash transaction:

During the year ended 31 December 2023, 109,957,846 units (2022: 57,152,859 units) amounting to RMB167,832,130 (2022: RMB137,054,000) were issued for payment of the manager's fee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Debt reconciliation

	Liabilities from financing activities				
	Lease liabilities RMB'000	Derivative financial instruments, net RMB'000	Borrowings - repayable within one year RMB'000	Borrowings - repayable after one year RMB'000	Total RMB'000
Debt as at 1 January 2022	(9,993)	(213,933)	(2,893,984)	(14,728,455)	(17,846,365)
Cash flows	10,847	(102,748)	—	—	(91,901)
Proceeds from new borrowings	—	—	—	(5,445,263)	(5,445,263)
Repayment of borrowings	—	—	3,307,568	1,284,000	4,591,568
Additions of lease liabilities	(33,856)	—	—	—	(33,856)
Other non-cash movements	—	393,535	(4,777,708)	3,348,685	(1,035,488)
Debt as at 31 December 2022	(33,002)	76,854	(4,364,124)	(15,541,033)	(19,861,305)

	Liabilities from financing activities				
	Lease liabilities RMB'000	Derivative financial instruments, net RMB'000	Borrowings - repayable within one year RMB'000	Borrowings - repayable after one year RMB'000	Total RMB'000
Debt as at 1 January 2023	(33,002)	76,854	(4,364,124)	(15,541,033)	(19,861,305)
Cash flows	12,207	(210,258)	—	—	(198,051)
Proceeds from new borrowings	—	—	—	(6,776,240)	(6,776,240)
Repayment of borrowings	—	—	4,449,197	2,348,331	6,797,528
Additions of lease liabilities	(2,996)	—	—	—	(2,996)
Other non-cash movements	—	145,419	(5,929,754)	5,559,067	(225,268)
Debt as at 31 December 2023	(23,791)	12,015	(5,844,681)	(14,409,875)	(20,266,332)

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2023, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 38% (2022: 41%) of Yuexiu REIT's units. The remaining 62% (2022: 59%) of the units are widely held.

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2023:

Connected/related companies	Relationship with Yuexiu REIT
YXP	A major unitholder of Yuexiu REIT
The Manager	An associate of YXP
GZ IFC Management [1]	An associate of YXP
Yicheng BM[1]	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV")	A subsidiary of YXP
Baima BM	A subsidiary of YXP
Guangzhou Yuexiu Xingye Property Agent Ltd. ("Xingye") [1]	A subsidiary of YXP
Guangzhou City Construction and Development Co., Ltd. ("GCCD") [1]	A subsidiary of YXP
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)")	A subsidiary of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") [1]	Immediate holding company of Yue Xiu
Guangzhou Yuexiu Enterprises (Holdings) Ltd. ("YXE") [1]	A subsidiary of GZYX
Guangzhou Yuexiu Capital Holdings Group Co., Ltd. ("GZYCHG")	A subsidiary of GZYX
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A major shareholder of YXP
Guangzhou City Construction and Development Group Co., Ltd. ("GCCD BVI")	A subsidiary of YXE
Guangzhou Grandcity Development Ltd.	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL") [1]	A subsidiary of YXP
Guangzhou Suiqiao Development Co., Ltd. ("Suiqiao") [1]	A subsidiary of Yue Xiu
Yue Xiu Investment Consultants Limited ("YXIC") [1]	A subsidiary of YXE
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. [1]	A subsidiary of GZYCHG
Guangzhou Yuexiu Financial Leasing Co., Ltd. [1]	A subsidiary of GZYCHG
Guangzhou Yuexiu Capital Holdings Co., Ltd. [1]	A subsidiary of GZYCHG
Guangzhou Yue Xiu Enterprises Development Ltd.	A subsidiary of YXE
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("Yue Tong") [1]	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ("Yue Peng") [1]	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited [1]	A subsidiary of Yue Xiu
Yuexiu Transport Infrastructure Limited ("Yuexiu Transport")	A subsidiary of Yue Xiu
Chong Hing Bank Limited ("Chong Hing Bank") [1]	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou") [1]	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") [1]	A subsidiary of Yue Xiu

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2023 (Continued):

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou Paper Group Ltd. [1]	A subsidiary of YXE
Guangzhou Futures Co., Ltd. [1]	A subsidiary of GZYCHG
廣州市祥港房地產開發有限公司	A subsidiary of YXP
廣州市宏錦房地產開發有限公司	A subsidiary of YXP
廣州東耀房地產開發有限公司	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 [1]	A subsidiary of GZYX
廣州鵬燁貿易有限公司 [1]	A subsidiary of YXP
Guangzhou Yuexiu Financial Technology Co., Ltd. [1]	A subsidiary of GZYCHG
Shanghai Yuexiu Finance Leasing Co., Ltd. [1]	A subsidiary of GZYCHG
武漢康景實業投資有限公司 [1]	A subsidiary of YXP
廣州城建開發設計院有限公司 [1]	A subsidiary of GZYX
廣州越秀商業地產經營管理有限公司 [1]	A subsidiary of YXP
Yue Xiu Consultants (Shenzhen) Co., Ltd.	A subsidiary of Yue Xiu
杭州越秀房地產開發有限公司 [1]	A subsidiary of YXP
杭州越榮房地產開發有限公司	A subsidiary of YXP
杭州盛寅房地產開發有限公司	A subsidiary of YXP
杭州豐勝房地產開發有限公司	A subsidiary of YXP
杭州杭秀房地產開發有限公司 [1]	A subsidiary of YXP
杭州越嘉房地產開發有限公司 [1]	A subsidiary of YXP
武漢越秀商業管理有限公司 [1]	A subsidiary of YXP
廣州市品秀房地產開發有限公司	A subsidiary of YXP
Guangzhou Yuexiu Business Operation Management Co., Ltd. [1]	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司	A subsidiary of YXP
廣州雋越房地產開發有限責任公司	A subsidiary of YXP
廣州越秀資本投資管理有限公司 [1]	A subsidiary of GZYCHG
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	A subsidiary of GZYCHG
廣州悅秀智訊科技信息有限公司 [1]	A subsidiary of YXP
廣州白馬電子商務股份有限公司	A subsidiary of YXE
廣州城建開發裝飾有限公司 [1]	A subsidiary of YXP
廣州越秀城開房地產開發有限公司 [1]	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司 [1]	A subsidiary of YXP
廣期資本管理 (上海) 有限公司 [1]	A subsidiary of GZYCHG
廣州資產管理有限公司 [1]	A subsidiary of GZYCHG
廣州東秀房地產開發有限公司 [1]	A subsidiary of YXP
廣州越秀華城房地產開發有限公司 [1]	A subsidiary of YXP
廣州皇上皇集團股份有限公司 [1]	A subsidiary of YXE

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2023 (Continued):

Connected/related companies	Relationship with Yuexiu REIT
廣州風行乳業股份有限公司 [1]	A subsidiary of YXE
金鷹基金管理有限公司 [1]	A subsidiary of GZYCHG
廣州宏勝房地產開發有限公司 [1]	A subsidiary of YXP
廣州裕秀房地產開發有限公司[1]	An associate of YXP
廣州越冠房地產開發有限公司 [1]	A subsidiary of YXP
廣州匯城實業發展有限公司 [1]	A subsidiary of YXP
廣州敏秀房地產開發有限公司 [1]	A joint venture of YXP
廣州南方智媒產業園有限公司 [1]	A subsidiary of YXP
廣州樾富房地產開發有限公司 [1]	A subsidiary of YXP
廣州市品薈房地產開發有限公司 [1]	A subsidiary of YXP
廣州越宏房地產開發有限公司[1]	An associate of YXP
廣州市佰城投資發展有限公司 [1]	A subsidiary of YXP
Guangzhou Yuexiu Foods Group Co., Ltd. ("Yuexiu Foods") [1]	A subsidiary of YXE
廣州越秀發展集團有限公司 [1]	A subsidiary of YXE
廣州越創智數信息科技有限公司 [1]	A subsidiary of YXP
廣州皇上皇食品商貿有限公司 [1]	A subsidiary of YXE
廣州市品輝房地產開發有限公司 [1]	A subsidiary of YXP
廣州市品悦房地產開發有限公司 [1]	A subsidiary of YXP
廣州鳴泉居會議中心有限公司 [1]	A subsidiary of GZYX
廣州市悦冠智能科技有限公司 [1]	A subsidiary of YXP
廣州悦秀會信息科技有限公司 [1]	A subsidiary of YXP
輝山乳業 (瀋陽) 銷售有限公司[1]	A subsidiary of YXE
廣州市品臻房地產開發有限公司[1]	An associate of YXP
廣州越秀物業發展有限公司[1]	A Subsidiary of Yuexiu Services
廣州越建工程管理有限公司 [1]	A subsidiary of YXP
廣州市穗港澳合作交流促進會 [1]	A subsidiary of YXP
湖北悦秀薈房地產經紀有限公司 [1]	A subsidiary of YXP
廣州越達投資有限責任公司 [1]	A subsidiary of Yue Xiu
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd. [1]	A subsidiary of GZYCHG
廣州越創房地產開發有限公司[1]	An associate of YXP
Dragon Yield Holding Limited ("Dragon Yield")	A subsidiary of YXP
The Trustee	The Trustee of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee
Yue Xiu Securities Company Limited	A subsidiary of GZYX

[1] These connected companies are also considered as related companies of the Group. Transactions and balances carried out with these related companies are disclosed in notes (a) and (b) below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Transactions with connected/related companies

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Asset management fee paid/payable to		
– the Manager	170,273	166,530
Property management fees paid/payable to		
– Yicheng BM	25,284	26,095
– Baima BM	5,517	2,798
– GZ IFC Management	16,668	17,820
Rental income received/receivable from		
– Xingye	2,677	6,019
– Yicheng BM	7,760	7,720
– GCCD	16,363	16,226
– YXE	9,416	17,385
– Suiqiao	569	569
– Guangzhou Futures Co., Ltd.	860	2,188
– Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	995	1,008
– GZ JLL	19,646	17,389
– Guangzhou Yuexiu Financial Leasing Co., Ltd.	13,572	13,170
– GZ IFC Management	10,727	11,074
– Guangzhou Yuexiu Capital Holdings Co., Ltd.	23,474	21,785
– Yue Tong	2,072	1,242
– Yue Peng	756	756
– Yuexiu (China) Transport Infrastructure Investment Company Limited	—	829
– Guangzhou Paper Group Ltd.	279	281
– Chong Hing Guangzhou	16,315	14,286
– Chong Hing Shanghai	5,303	—
– 廣州市城建開發集團名特網絡發展有限公司	1,278	1,781
– 廣州鵬燁貿易有限公司	1,870	1,196
– Guangzhou Yuexiu Financial Technology Co., Ltd.	406	365
– Shanghai Yuexiu Finance Leasing Co., Ltd.	5,965	6,212

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income received/receivable from		
– 武漢越秀商業管理有限公司	3,095	3,737
– 武漢康景實業投資有限公司	—	3,021
– 廣州城建開發設計院有限公司	1,676	1,675
– 廣州越秀商業地產經營管理有限公司	651	671
– 廣州越秀資本投資管理有限公司	4,227	4,182
– 杭州越秀房地產開發有限公司	5,337	5,599
– Guangzhou Yuexiu Business Operation Management Co., Ltd.	6	18
– 廣州悅秀智訊科技信息有限公司	2,290	2,210
– 廣州匯城實業發展有限公司	—	3,540
– 廣州城建開發工程造價諮詢有限公司	667	—
– 廣州城建開發裝飾有限公司	303	733
– 廣期資本管理(上海)有限公司	3,182	4,119
– 廣州資產管理有限公司	17,705	16,936
– 廣州越達投資有限責任公司	7,227	7,227
– Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	4,297	1,610
– YX Foods	—	117
– 廣州東秀房地產開發有限公司	—	2,717
– 湖北悅秀薈房地產經紀有限公司	—	11
– 廣州越秀城開房地產開發有限公司	10,824	10,241
– 廣州越秀華城房地產開發有限公司	40,271	36,429
– 廣州越宏房地產開發有限公司	8,808	8,808
– 廣州市佰城投資發展有限公司	8,794	8,794
– GZYX	55,790	40,140
– 廣州越秀發展集團有限公司	279	163
– 廣州越創智數信息科技有限公司	358	332
– 廣州皇上皇集團股份有限公司	—	345
– 廣州風行乳業股份有限公司	—	413
– 杭州杭秀房地產開發有限公司	1,066	1,066
– 杭州越嘉房地產開發有限公司	2,163	2,163
– 金鷹基金管理有限公司	8,011	8,011
– 廣州宏勝房地產開發有限公司	4,732	4,732
– 廣州裕秀房地產開發有限公司	—	825
– 廣州市品輝房地產開發有限公司	818	2,492
– 廣州越冠房地產開發有限公司	6,225	6,059
– 廣州敏秀房地產開發有限公司	—	2,368
– 廣州南方智媒產業園有限公司	—	1,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income received/receivable from		
– 廣州越創房地產開發有限公司	—	626
– 廣州樾富房地產開發有限公司	—	1,012
– 廣州市品悦房地產開發有限公司	1,636	3,028
– 廣州市穗港澳合作交流促進會	387	379
– 廣州市品薈房地產開發有限公司	404	3,697
– 廣州皇上皇食品商貿有限公司	—	476
– 廣州鳴泉居會議中心有限公司	35	23
– 廣州市品臻房地產開發有限公司	8,433	—
– 廣州市悦冠智能科技有限公司	522	—
– 廣州悦秀會信息科技有限公司	11	—
– 輝山乳業 (瀋陽) 銷售有限公司	491	—
– Chong Hing Bank	—	4,683
– 廣州越建工程管理有限公司	2,982	—
– 廣州越秀物業發展有限公司	26	—

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income received/receivable from		
– YXP	1,848	28
– the Manager	926	28
– Yuexiu Transport	926	28

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Naming right income received/receivables from		
– YXP	**20,000**	20,000
Interest income received/receivable from		
– GCCD	**3,453**	3,453
– Chong Hing Guangzhou	**592**	882
– the HSBC Group	**54**	5
Trustee's fee paid/payable to		
– the Trustee	**12,734**	12,703
Principal element of lease payments paid to		
– 廣州越秀星寓公寓管理有限公司	**12,207**	10,847
Interest expense paid/payable to		
– the HSBC Group	**18,429**	17,616
– Chong Hing Guangzhou	**—**	2,496
– YXP	**—**	3,619
Bond underwriter's fee paid/payable to		
– the HSBC Group	**2**	2
– the Chong Hing Bank	**36**	—
– Yue Xiu Securities Company Limited	**47**	—

Note:

(i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements governing the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with connected/related companies

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Amount due from GCCD (i)	**42,063**	42,063
Amount due from YXP	**10,000**	—
Amount due from GCD (China)	**6,387**	3,165
Amount due to Yicheng BM	**6,535**	4,992
Amount due to Baima BM	**13,990**	36,337
Amount due to the Manager	**87,110**	84,670
Amount due to GZ IFC Management	**3,653**	3,517
Amount due to GCD (China)	**1,540**	1,519
Amount due to GCCD BVI	**10,000**	10,000
Amount due to YXP	**1,001**	1,001
Bank deposit in Chong Hing Bank	**4,688**	54,304
Bank deposit in HSBC Group	**8,012**	3,140
Bank borrowing from the HSBC Group	**312,574**	348,375
Derivative financial instrument from the HSBC Group	**1,206**	8,476
Rental income receivables from related companies	**1,141**	2,294
Receipts in advance from related companies	**4,507**	4,538
Rental deposits from related companies (ii)	**78,728**	88,012
Trade payables to related companies	**1,196**	2,387
Borrowing from the YXIC (iii)	**235,617**	—

Except for the borrowing from YXIC as disclosed in (iii) below and an amount due from GCCD of approximately RMB40 million (31 December 2022: RMB40 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free and repayable on demand. All the balances are denominated in RMB and reasonable approximations to their fair values.

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with connected/related companies (continued)

Notes:

(i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction costs related to the construction of Guangzhou IFC. The receivable balance of RMB40 million (2022: RMB40 million) as at year end represents the initial amount transferred to GCCD less the settlement of construction payable. To the extent that there are residual funds after settlement of all outstanding construction costs, GCCD will be required to refund the surplus cash to Tower Top after the settlement of such costs.

(ii) Rental deposits from related companies are included as rental deposits in the consolidated statement of financial position.

(iii) The balance represented the outstanding borrowing of HK$260,000,000 due to Yue Xiu Investment Consultants Limited ("YXIC") as of 31 December 2023. The borrowing is at an interest rate of HIBOR plus 1.5% with a five-year term commencing on 29 April 2020, which was originally drawn down under the facility agreement between Secure Shell (as borrower) and several banks (as lenders) (the "Facility Agreement") and was subsequently transferred from one of the original lenders to YXIC on 17 August 2023. Pursuant to the Facility Agreement, Yuexiu REIT and Secure Shell were not parties to or otherwise involved in the transfer.

(c) Key management compensation

There was no key management compensation for the year ended 31 December 2023 (2022: Nil).

30 CAPITAL COMMITMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	**35,588**	32,404

31 FUTURE MINIMUM RENTAL RECEIVABLES

The future minimum rental receivables under non-cancellable operating leases are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within one year	**1,106,763**	1,258,688
Between one year and five years	**1,448,178**	1,705,440
Over five years	**21,429**	52,519
	2,576,370	3,016,647

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