



# 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 (Chapter 571 of the Laws of Hong Kong))

(Stock Code : 00405)



## VISION FOR A STEADY FORTUNE

ANNUAL REPORT 2022



SHANGHAI



HANGZHOU



WUHAN



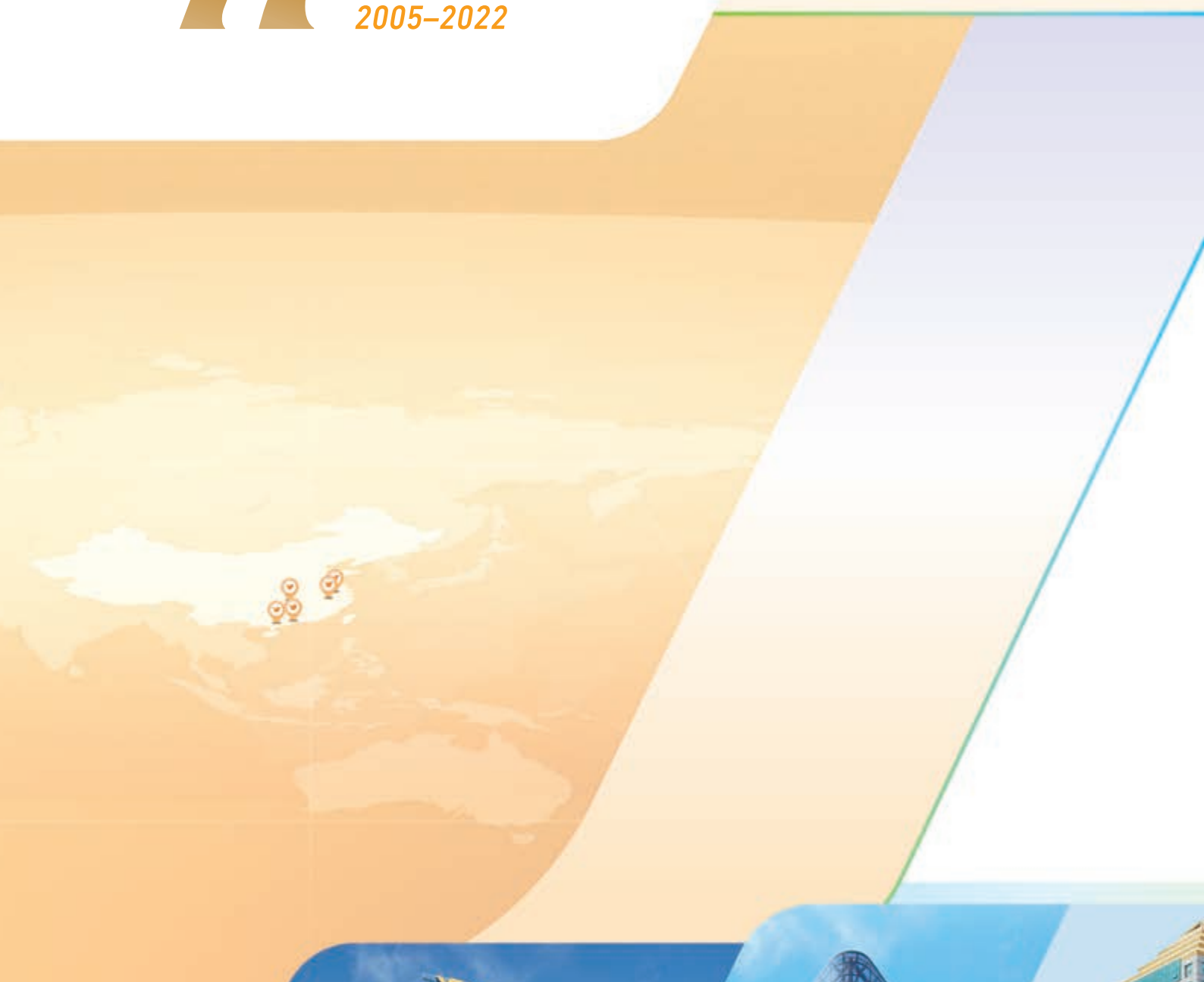
GUANGZHOU



HONGKONG



**17** YUEXIU  
REIT  
2005-2022



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## PROFILE OF YUEXIU REIT

### PROFILE OF YUEXIU REAL ESTATE INVESTMENT TRUST (“YUEXIU REIT”)

Yuexiu REIT is a Hong Kong real estate investment trust constituted by a trust deed entered into on 7 December 2005 (the “Trust Deed”) between HSBC Institutional Trust Services (Asia) Limited as the trustee (the “Trustee”) and Yuexiu REIT Asset Management Limited as the manager of Yuexiu REIT (“Manager”) as modified by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Trust Deed dated 25 July 2012, the Fourth Supplemental Deed dated 3 April 2020 and the Fifth Supplemental Deed dated 28 May 2021 made between the same parties. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 21 December 2005 (the “Listing Date”).

Yuexiu REIT’s property portfolio (the “Properties”) consists of six commercial properties located in Guangzhou, one commercial property located in Shanghai, one commercial property located in Wuhan, one commercial property located in Hangzhou, and two floors of commercial building located in Hong Kong. Yuexiu REIT is the first listed real estate investment trust in the world which invests in real properties in the mainland of the People’s Republic of China (the “PRC”).



# UNITHOLDERS CALENDAR

UNITHOLDERS  
CALENDAR 2023-2024

**MAY 2024**

PAYMENT OF FINAL DISTRIBUTION FOR 2023

**MARCH 2024**

ANNOUNCEMENT OF 2023 ANNUAL RESULTS

**OCTOBER 2023**

PAYMENT OF DISTRIBUTION FOR SIX-MONTH PERIOD  
ENDED 30 JUNE 2023

**AUGUST 2023**

PUBLICATION OF 2023 INTERIM REPORT

**MAY 2023**

PAYMENT OF FINAL DISTRIBUTION FOR 2022 AND ANNUAL  
GENERAL MEETING

**APRIL 2023**

PUBLICATION OF 2022 ANNUAL REPORT

## DISTRIBUTION

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. The Manager also has the discretion under Yuexiu REIT's trust deed, where there are surplus funds, to distribute amounts in addition to that set out in the trust deed. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having 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, surplus disposal proceeds, 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.

In light of the above, the Manager has determined that the final distribution to the Unitholders for the period from 1 July 2022 to 31 December 2022 ("2022 Final Period") will be approximately RMB0.0399 which is equivalent to HK\$0.0453 (2021: RMB0.0985 which is equivalent to HK\$0.1218) per Unit. Such final distribution per Unit is subject to adjustment once new units are issued to the Manager (in satisfaction of the Manager's fee) prior to the record date for the 2022 Final Period distribution. A further announcement will be made to inform Unitholders of the final Distribution per Unit for the 2022 Final Period.

The final distribution for the 2022 Final Period, together with the interim distribution of Yuexiu REIT for the six-month period from 1 January 2022 to 30 June 2022 ("2022 Interim Period") being approximately RMB0.0734 which is equivalent to HK\$0.0853 (2021: RMB0.1025 which is equivalent to HK\$0.1233) per Unit, represents a total distribution to each Unitholder for the Reporting Year of approximately RMB0.1133 which is equivalent to HK\$0.1306 (2021: approximately RMB0.2010 which is equivalent to HK\$0.2451).

The total distribution amount for the Reporting Year, being approximately RMB533,324,000 (2021: RMB798,212,000), includes an amount of approximately RMB223,000,000 (2021: RMB298,000,000), that is capital in nature. The total distribution amount for the Reporting Year comprises the distributable amount calculated pursuant to the formula set out in the OC (being approximately RMB477,324,000) plus a further distribution of approximately RMB56,000,000 having regard to the abovementioned discretion of the Manager under Yuexiu REIT's trust deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement.

Distributions payable to the Unitholders will be paid in Hong Kong dollars. The exchange rate between the RMB and Hong Kong dollars adopted by the Manager is the average central parity rate, as announced by the People's Bank of China, for the five business days preceding the date of declaration of distributions.

Yuexiu REIT aims at providing steady returns to its Unitholders derived from the gross income of its Properties. It has been distributing no less than 100% of Total Distributable Income for 17 consecutive years after listing in 2005.

### Distribution Yield

Disregarding new units to be issued prior to the relevant record date with respect to the Manager's fees, Distribution per Unit ("DPU") for the Reporting Year is approximately HK\$0.1306 (2021: HK\$0.2451), of which approximately HK\$0.0528 (2021: HK\$0.0790) is attributable to capital items, represents a yield of approximately 6.63% (2021: 7.59%) per Unit based on the closing price of HK\$1.97 per Unit as at 31 December 2022 (2021: HK\$3.23).

## CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 13 April 2023. The register of Unitholders will be closed from 13 April 2023 to 14 April 2023, both days inclusive, during which period no transfer of units will be effected. In order to be qualify for the distribution, all unit certificates with completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 17/F Far East Finance Center, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 12 April 2023. The final distribution will be paid on 25 May 2023 to the Unitholders whose names appear on the register of Unitholders on 13 April 2023.

## PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's audited consolidated results for the year ended 31 December 2022 together with comparative figures for the corresponding period in 2021:

(in Renminbi ("RMB"), unless otherwise specified)

	Financial Year ended 31 December 2022	Financial Year ended 31 December 2021	Increase/ (decrease)
Gross income (Note a)	1,872,860,000	1,796,686,000	4.2%
Net property income	1,355,872,000	1,298,399,000	4.4%
(Loss) profit after tax	(510,940,000)	674,562,000	(175.7)%
(Losses) earnings per Unit – Basic	(0.12)	0.19	(163.2)%
Portfolio valuation	42,359,232,000	42,395,000,000	(0.1)%
Net assets attributable to Unitholders per Unit	3.37	4.31	(21.8)%
Net assets attributable to Unitholders per Unit – Equivalent to HK\$	3.77	5.27	(28.5)%
<b>Units issued (units)</b>	<b>4,783,780,325</b>	3,417,224,428	40.0%
Total borrowings as a percentage of gross assets (Note b)	45.4%	40.2%	5.2 percentage point
Gross liabilities as a percentage of gross assets (Note c)	60.5%	63.7%	(3.2) percentage point
<b>Distribution</b>			
Total distribution (including additional items)	533,324,000	798,212,000	(33.2)%
Distribution per Unit (HK\$)	0.1306	0.2451	(46.7)%

Note a: The revenue of Guangzhou Yuexiu Financial Tower was recorded since 24 December 2021. The revenue of 17th and 23rd floors of Hong Kong Yue Xiu Building newly acquired was recorded since 21 December 2022.

Note b: Calculation of Total borrowings is based on bank loan and other borrowings, excluding capitalization of debt-related expenses.

Note c: Calculation of Gross liabilities is based on total liabilities, excluding capitalization of debt-related expenses and net assets attributable to Unitholders.

## PERFORMANCE SUMMARY



### FINANCE



#### Gross revenue

**1,872,860,000**



**4.2%**

Year-on-Year ("YOY")



#### Net property income

**1,355,872,000**



**4.4%** YOY



#### Loss per unit - Basic

**(0.12)**



**163.2%** YOY



#### Portfolio Valuation

**42,359,232,000**



**0.1%** YOY



#### NAV attributable to each unitholder

**3.37**



**21.8%** YOY





### YEAR-END PROPERTY OCCUPANCY RATE

**85.5%**



**7.1%** YOY



### DISTRIBUTION

**533,324,000**



**33.2%** YOY



### DEBT RATIO

**45.4%**



**12.9%** YOY



### AVERAGE EFFECTIVE INTEREST RATE

**3.05%**



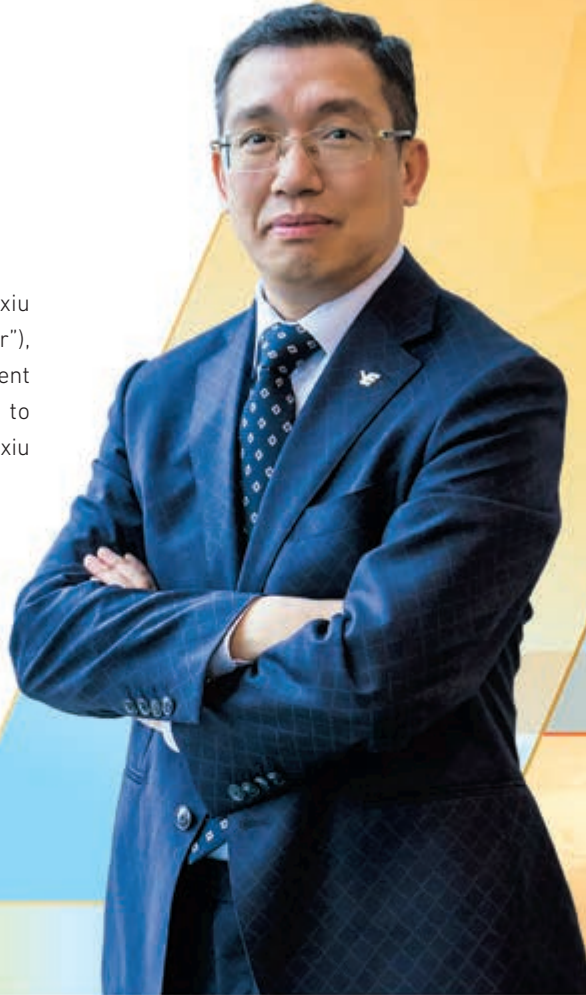
**21.0%** YOY

## CHAIRMAN'S STATEMENT

Dear Unitholders of Yuexiu REIT,

On behalf of the management team of Yuexiu REIT Asset Management Limited ("Manager"), the Manager of Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), I am very pleased to present to you the 2022 annual report of Yuexiu REIT.

**LIN DELIANG**  
*Chairman*



## RESULTS AND DISTRIBUTION

2022 was an extraordinary and difficult year, where the once-in-a-century pandemic was recurrent and volatile, leading to an increasingly fragile global economy. As China's economy has been affected by multiple unexpected factors such as the sporadic resurgences of the pandemic, uncertainty in economic development was rising. Despite of severe challenges, Yuexiu REIT successfully completed the acquisition of Hong Kong Yue Xiu Building, thereby effectively hedging currency risks. Great value has been delivered to the investors for our existing properties with the quality of our premium properties and the excellent efforts made by all members of the management team.

As at 31 December 2022, the ten properties currently owned by Yuexiu REIT comprised White Horse Building Units ("White Horse Building"), Fortune Plaza Units ("Fortune Plaza"), City Development Plaza Units ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), Yuexiu Financial Tower ("Yuexiu Financial Tower") located in Guangzhou, Yue Xiu Tower ("Shanghai Yue Xiu Tower") located in Shanghai, Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan, Hangzhou Victory Business Center Units ("Hangzhou Victory") located in Hangzhou, and 17th and 23rd Floors of Yue Xiu Building Units ("17th and 23rd Floors of Hong Kong Yue Xiu Building") located in Hong Kong, with a total rentable area of 803,984.1 sq.m..

As at 31 December 2022, the overall occupancy rate of Yuexiu REIT's properties was 85.5%. During the Reporting Year, Yuexiu REIT recorded total operating revenue of approximately RMB1,872,860,000, representing an increase of 4.2% as compared to RMB1,796,686,000 for the same period last year.

In 2022, Yuexiu REIT recorded total distribution (including additional items) of approximately RMB533,324,000, representing a decrease of approximately RMB264,888,000 or approximately 33.2% as compared to the total distribution of RMB798,212,000 for the corresponding period of the previous year. The policy of the Manager is to distribute 100% of the entire distributable income of the Reporting Year to the Unitholders. Each Unitholder will receive a distribution amount of approximately HK\$0.1306 per Unit, representing a decrease of HK\$0.1145 or approximately 46.7% as compared to the distribution amount of HK\$0.2451 for the same period last year. Based on the closing price of HK\$1.97 on 31 December 2022, the distribution yield was approximately 6.63%.

## MACRO ECONOMY

In 2022, amid a changing international business environment, outbreak of the once-in-a-century pandemic and the geopolitical turmoil, the risk of having global economic downturn increased. China's economy, as affected by multiple unexpected factors such as the sporadic resurgences of the pandemic and the extreme hot weather, has faced with the triple pressure of demand contraction, supply shock and weakening expectations, with the complexity, severity and uncertainty of development environment increasing. Confronting with turbulent international environment and formidable domestic tasks of reform, development and stabilisation, China's economy has withstood the pressure and maintained growth, reaching a new milestone in terms of GDP. According to preliminary calculations from the National Bureau of Statistics, China's GDP reached RMB121,020.7 billion in 2022, ranking second largest in the world, and the overall national strength scaled a new level.

In 2022, facing unprecedented pressures and challenges for these years, Guangzhou's economy remained stable overall and made steady progress, achieving an annual regional GDP of RMB2,883.9 billion, and the added value of the "3+5" strategic emerging industries reaching RMB887.9 billion, accounting for 30.8% of GDP. Nearly one-third of economic growth was attributable to new driving forces. In particular, three emerging pillar industries have played a leading role. The new-generation information technology, intelligent and new energy vehicles, and biomedical and health have achieved the value-added growth of 5.4% in total, gradually showing their potentials.

In 2022, Shanghai proactively responded to the unexpected conditions such as a complex and severe economic environment at home and abroad and the impact of the pandemic. The city-wide economic operation presented a V-shaped reversal trend of "stable start, deep decline, rapid rebound, and continuous recovery", with strong core functions, strong economic resilience, enormous development potentials and market vitality. In general, Shanghai maintained the trend of stable economic recovery and high-quality development. In 2022, Shanghai's regional GDP reached RMB4,465.28 billion, maintaining its first place among core economic centers in China.

Based on the preliminary calculations, Wuhan's regional GDP reached RMB1,886.643 billion, ranking eighth on the list of China's cities, one place ahead of the previous year. Wuhan's GDP growth rate was 4%, ranking No.1 among the top ten cities. Both the output value and investment maintained a rapid growth in the advanced manufacturing industry. The added value of above-scale high-tech manufacturing industry increased by 16.3%, with double-digit growth throughout the year. Steady development of the industrial economy has enhanced Wuhan's economic resilience.

## CHAIRMAN'S STATEMENT

In 2022, Hangzhou's economy has withstood the pressure and gradually gets back on track, achieving an annual regional GDP of RMB1,875.3 billion. With the industrial development as the "ballast stone" and the new driving forces as the leading roles, the service industry has recovered steadily, consumer demand has increased, investment structure has been improved and the investment enjoyed strong growth momentum, all contributing to the high-quality development of Hangzhou. The industrial structure has been continuously optimized. The added value of core manufacturing industry in digital economy increased by 4.4%, accounting for 28.1% of the scale industry.

### MARKET REVIEW

#### Office Leasing Market

Looking back on 2022, due to the impact of multiple rounds of the pandemic and a complex macro environment, the market demand for Grade A offices in Guangzhou has decreased. Coupled with the outbreak of the pandemic in Guangzhou at the end of the year, visitors and trading activity for Grade A offices have dropped significantly. First and second half of the year showed a different condition: the market experienced a boom in demand in the first half of the year as that of the previous year, but the market demand turned to decline when entering the second half of the year. The net absorption recorded a negative value throughout the year, showing a sharp drop of 80% year-on-year. The vacancy rate was up by 6.4 percentage points year-on-year to 14.0%. In light of the uncertainty in the overall business environment, most enterprises continued to adopt a wait-and-see attitude and enhanced the management of costs and cash flow, while some enterprises terminated the lease and moved away from core business areas following continuous business contraction due to the pandemic.

In 2022, the office building market in Shanghai recovered slowly. A total of 11 projects were launched in the market throughout the year, with a new supply of 810,000 sq.m.. Construction schedule postponed due to the pandemic and the pace of supply slowed down due to the inactive market. Most transactions were supplementary contracts in the second quarter. New projects mainly relied on the second landlord to achieve rapid de-stocking. The annual net absorption was 630,000 sq.m. only, representing a year-on-year decrease of 55.6%. There was a lack of demand in Zhuyuan segment, with an increase in the overall vacancy rate as a result of a decline in the occupancy rate of individual projects, while the occupancy rate of other segments increased. For the rental, the decline trend in the core area was basically consistent with that of the city, and the decline in the emerging area was more significant. For market demand, professional services, finance, and electronic information technology industries took the lead, with a stronger demand for new establishments and relocations, and less demand for lease expansion.

In 2022, Wuhan's high-quality office properties saw a new supply of 287,000 sq.m., with stock rising to 2,108,800 sq.m. Due to the resurgence of the pandemic and adjustment to the prevention and control policies, the net absorption recorded approximately 26,000 sq.m. only. throughout the year. Uncertainty in the internal and external economic environment has led to a more stringent cost control by enterprises, and lack of vitality in market demand in various regions. Average rental price of the city was RMB103.1 per sq.m., but developers tended to grant a longer rent-free period. The decline in rental was more obvious when considering net rental. By the end of the fourth quarter, the city-wide vacancy rate has reached 34.55%.

In 2022, two projects entered the Hangzhou office market, bringing new supply of 261,000 sq.m., the market stock reached 6,056,000 sq.m.. The city-wide vacancy rate was 17.2%, and the average rent was RMB3.96/sq.m./day. TMT sectors experience tremendous changes and structural adjustments, and its overall demand has shrunk significantly as compared to the last year, but still being the main force of transactions in the city. Uncertainty in the global market has increased the popularity of co-working spaces.

### **Retail Market**

In 2022, 360,000 sq.m. of new supply was added to the high-quality shopping malls in Guangzhou, making the total market stock increasing to more than 5 million sq.m.. Affected by repeated outbreaks of the pandemic in Guangzhou, there was a lack of offline consumer demand, and the annual net absorption of the market was 75,000 sq.m. only, representing a year-on-year decrease of 84.1%. The city-wide vacancy rate increased by 2.7 percentage points to 7.4 %, and the rental decreased by 1.8% to RMB746.1/sq.m./month.

In 2022, several commercial projects were launched in Wuhan market, making the total stock of the high-quality retail market increasing to approximately 9 million sq.m.. In Wuhan's retail market, which has entered the era of stocks, Matthew's benefits will become increasingly obvious. The "first-store economy " has effectively stimulated consumption. In terms of industry, the fashion retail industry accounted for the largest proportion. The post-pandemic era created the needs for public health, promoting indoor sports to be an emerging consumption trend.

### **Specialized Apparel Market**

Due to the repeated outbreaks of the pandemic, the apparel industry as a whole experienced a decline at the start and the end of the year. Many places in China have been under long-term control. There have been more than ten outbreaks of the pandemic in key apparel distribution centers such as Shenzhen, Guangzhou, Hangzhou, Zhengzhou and Wuhan. The pandemic situation in the Pearl River Delta region was complex and severe, with 6 times of large-scale market closures in Guangzhou and Shenzhen. The arrival and departure of customers and goods continued to be restricted, both supply and demand were disrupted and thus led to a backlog of products. Merchants faced greater cash flow pressure and abnormal moves became obvious. In order to retain merchants, surrounding competitive markets has all adopted a long-term rent-free strategy to stabilise operations.

### **Hotel and Serviced Apartment Market**

In 2022, severe COVID-19 pandemic broke out in many regions across the country, including the four major first-tier cities in China and key hotels and markets in Sanya and Xi'an. Throughout the year, except for the summer vacation, the recovery of luxury and super high-end hotels lagged behind the hotels at other levels. Large-scale pandemic broke out in Guangzhou in April and November respectively, and luxury hotels' performance was materially affected. Throughout the year, the average room rate of luxury hotels in Guangzhou decreased by 7.7% to RMB974.8 on a year-on-year basis, and the average occupancy rate decreased by 5.2 percentage points to 52.6% on a year-on-year basis. The performance of high-end serviced apartments in Guangzhou proved less than intimidating in the first half of the year, but the demand picked up from June to October. The annual average occupancy rate of high-end serviced apartments in the core area of Tianhe was 81.1%, representing a slight increase of 0.4 percentage points as compared with 2021; the average daily rental per unit was RMB812, which was basically the same as that of 2021.

## CHAIRMAN'S STATEMENT

### BUSINESS OPERATING STRATEGIES

In response to the market changes in the post-pandemic era and the profound changes in the industry, the Manager strengthened active and refined management, implemented more practical, effective and targeted leasing strategies; seized market opportunities in a practical manner, sought to optimize and adjust tenant structure in the crisis in order to minimize the short-term risks brought by the pandemic and also deliver a long-term sustained business growth and stable rental returns.

The demand for office buildings mainly comes from industrial drivers. The Manager continued to monitor the urban industrial layout, conduct in-depth research on the layout of the financial sub-sector in the Greater Bay Area and the distribution of the professional service industry, and accurately expand customer channels. It connected with platforms and organizations to extend non-intermediary business solicitation channels to industry associations, various industry organizations and industry funds. It also expanded the scope of nationwide promotion and made good use of the resources of Yuexiu Group and governments through industry cooperation platforms. The Manager is committed to optimizing the tenant structure of flagship products including GZIFC, and has implemented flexible price policies for high-quality tenants, proactively controlled operating risks, gradually improved operating quality and sought transaction premiums. It optimized the incentive mechanism, integrated resources efficiently, and formulated cross-project and cross-city intermediary incentive measures to integrate resources and facilitate transactions from a wider level. Combined with property services and innovative business idea, it tried the model of property value-added service packages for rent. It established the concept of comprehensive service floors comprising "Yuexianghui (悦享會)" + Yuexiu Space (越空間) + Coffee + Fitness + X", which has become standard supporting facilities for office buildings and complements the competitiveness of office buildings.

Consumption is the driving force for a new round of development in the retail industry. The Manager actively adjust and reform to adapt to the market environment from the three aspects, namely "positioning optimization, structural adjustment and rhythm control". Specifically, in terms of positioning optimization, the Manager analyzes, judges and rectifies its positioning based on the project cycle, simulates and demonstrates the pre-recruitment plan for major stores, to empower asset value from a long-term perspective. In terms of structural adjustment, it focused on and tapped deep into the demands of core customer groups, form the theme concept and recruitment plan for each business format and floor, to achieve the best business structure and proportion. In terms of rhythm control, it comprehensively considers the revenue and incremental value at the current stage, and controls the rhythm of adjustments and implementation of contents in stages. The Manager also connects promotion campaigns throughout the year with its three self-created festivals, namely Yuexiu "Viewing Festival (悦賞節), Shopping Festival (悦購節) and Food Festival (悦食節)", to enhance the operating atmosphere of the malls, reshape the member ecosystem and promote the conversion into consumption, thereby achieving the goal of activating existing customers and attract new customers.

In terms of specialized market, the Manager continued to promote industrial upgrading and accelerate digital transformation, aiming to seek breakthroughs in design creativity, channel transformation and model innovation. On the one hand, to strengthen marketing and traffic attraction, the Manager started from the purchasers in the competing product markets in the proximity of the projects, and adopted omni-channel marketing approaches such as on-site promotional activities, procurement matchmaking meetings and internal purchase meetings, with a focus on attracting traffic for merchants on the first and second floors with high passenger flow sensitivity, activating individual points to generate overall benefits, so as to improve the purchasing atmosphere of the whole mall and the annual passenger flow. On the other hand, the Manager made every effort to acquire tenants and ensure stability, adopted a flexible leasing policy to enable optimization and adjustment of the business format on the first and second floors and the revitalization of vacant units. It also intervened in advance in the contract renewal negotiations for the fourth and fifth floors, and supported by the purchaser database, expanded the fashion industry circle and stepped up its efforts in business solicitation and expansion targeting major customers.

In terms of the hotels and serviced apartment, taking advantage of favorable policies such as the relaxation of national prevention and control measures and economic stimulus, we will continue to tap into the domestic market and actively plan to meet the gradual recovery of overseas tourists from leisure to business travel consumption. In particular, the hotel has deepened innovations in terms of products and services. We continued to carry out cross-border cooperation through repeated computing to enrich the soft power of "Hotel +" upgraded products; deepen the promotion channels for emerging communities, and take active initiatives through dual-line integrated marketing, festival promotions and shopping marketing to expand market exposure and boost sales. In addition, on the basis of stable operation, the hotel will gradually start partial renovation in the second half of the year as schedule. It is expected that the hotel will significantly enhance the hard power of its products through upgrading and renovation, thereby maintaining its leading position in the luxury hotel market in Guangzhou. For serviced apartment, we mainly adopt a differentiated marketing strategy to stabilize the quantity for long-term rental business and raise prices for short-term rental business. In the long-term rental market, we focused on the Japanese market to stabilize the renewal rate of existing guests and ensure the number of long-term rentals. In the short-term rental market, we have effectively boosted the overall average room rate through promotions for a diversified product mix.

## INVESTMENT AND FINANCIAL STRATEGY

The Manager adhered to a prudent and reliable investment development strategy, developed high development potential cities based on the Guangdong-Hong Kong-Macao Greater Bay Area, and expanded the evaluation scope of investment properties to include sustainable development standards. In 2022, the Group acquired two commercial properties in Hong Kong, which led to a more diversified asset portfolio. The Manager will review the operation and investment returns of its properties from time to time. Upholding the policy of continuous optimization of asset portfolio, the Manager will also dispose non-core projects with weakening growth in a timely manner and strive to create steady and sustainable returns for the Unitholders.

## CHAIRMAN'S STATEMENT

Yuexiu REIT implemented prudent financial policies. As at 31 December 2022, Yuexiu REIT's total borrowings to total assets ratio remained at the level of 45.4%, which was well below the upper limit of 50% as stipulated in the REIT Code. The Manager paid close attention to the changes in interest rates and exchange rates, actively expanded capital channels, made reasonable planning for overseas loans as they fall due in the future and sought to obtain an appropriate average rate of financing cost.

In response to the impact of fluctuations in exchange rate on the operating results of Yuexiu REIT, the Manager has continued to strengthen the research and analysis on exchange rate hedging instruments, as well as on hedging schemes, and timely introduced exchange rate hedging instruments. In 2022, the Manager replaced HK\$3,100 million of loans fall due and settled the loans by hedging. The foreign exchange exposure was approximately 67% at the end of December 2022. The Manager has continuously paid close attention to the trend of foreign exchange market while seeking effective control over exchange rate risk at a reasonable cost.

The Manager continued its work in maintaining a stable credit rating of Yuexiu REIT. Based on confidence in the operating capabilities and stable cash flow expectations of Yuexiu REIT, rating agencies Standard & Poor, Moody and Fitch continue to assign an investment-grade rating.

## ASSET ENHANCEMENT STRATEGIES

The Manager continued to implement strategic asset enhancement plans and explore opportunities for asset appreciation by reviewing the property portfolio of Yuexiu REIT on a regular basis, thereby maintaining its projects' competitive advantage in the market and increasing the returns therefrom. Meanwhile, the Manager has targeted at making frequent contacts with customers to carry out asset optimization to improve customers' satisfaction and experience, achieving continuous enhancement in the rental value of the properties of Yuexiu REIT.

## PROSPECTS

Regarding the economic trend in 2023, the global environment remains complex and challenging, with rising risk of global stagflation. China's economy has been steadily recovering since the country optimized and adjusted its pandemic prevention and control policies. According to the World Economic Outlook Update released by the International Monetary Fund (IMF), forecast for China's economic growth was significantly raised to 5.2% for this year. In addition, Morgan Stanley, Goldman Sachs, Credit Suisse, UBS and other leading investment banks have also forecasted a rising economic growth in China. At the same time, RMB is expected to strengthen in 2023, and RMB assets will be repriced.

In 2023, a critical year for the implementation of the "14th Five-Year Plan", Guangzhou will prioritize industry development, build a manufacturing city and speed up the construction of a modern industrial system. In accordance with the strategy of strengthening the city with advanced manufacturing, it focused on promoting the "3+5+X" strategic emerging industries to develop into industrial chains and clusters, with the ambition to build 8 trillion-level, 13 100-billion-level and a large number of 10-billion-level industrial chains and clusters, thereby forming a "trillion, 100 billion and 10 billion" matrix of large-scale industrial chains and clusters to enhance the core competitiveness of the manufacturing industry. According to the Guangzhou Municipal Government Work Report, the GDP of Guangzhou is expected to grow by more than 6% in 2023.



The recovery of market vitality is an important driving force for the recovery of demand in the property market. It is expected that the market demand in various business districts will return to normal levels in 2023, and the cumulative net absorption will turn negative to positive and gradually return to the right track following the improvement of the economic environment. In Zhujiang New Town, Pazhou and Finance City, a number of office building projects will be launched on the market successively during the year, bringing diversified property choices to the market. Plenty of high-quality properties on the market, coupled with expected greater leasing incentives, will provide favorable opportunities for powerful enterprises to change rental properties. While there will be more leasable areas on the market, imbalance between supply and demand remains a challenge.

The pandemic has affected project construction and business solicitation progress, and some shopping malls have postponed their opening, pushing up the number of projects scheduled to commence operation in 2023. It is estimated that high-quality shopping malls with a total area of approximately 670,000 sq.m. will be launched on the market in Guangzhou this year. As the impact of the pandemic on the retail market has a certain lag, it is expected that the retail market in Guangzhou will remain in a downward adjustment stage in the short term, and both rents and vacancy rates may be under pressure. However, in the long run, with the optimization of domestic pandemic prevention and control measures and the lifting of travel restrictions, consumer confidence is expected to improve, which will drive the further recovery of the consumer market.

With the optimization of pandemic prevention policies and the gradual opening up of the whole country, the downward pressure on the overall industry economy has eased and the economic recovery has accelerated. However, the apparel industry is still affected by the raw material market, prolonged shutdown of factories and cash flow shortage of merchants, and the operating fundamentals of merchants continued to deteriorate. Given the increasing operational uncertainty of the local specialized market, it is expected that there will be a large gap in starting operation and stocking up of the overall apparel industry in this spring and summer. In order to ensure customer retention, price competition in various markets became more intense. The competition for high-quality customers also became increasingly fierce and the overall operating difficulty will reach a peak. It is expected that in 2023, the national and local governments will introduce a series of measures to revive the economy and boost consumption, while Guangzhou will accelerate its efforts in building an international consumption center city and promote the transformation of specialized markets.

At the end of 2022, the State Council's Joint Prevention and Control Mechanism Comprehensive Team successively issued "Twenty Measures for Optimization of Pandemic Prevention" and "Ten New Measures for Optimization of Pandemic Prevention" to strengthen precise pandemic prevention, ensure the normal operation of society and reduce the difficulty of travel for passengers. During the New Year's Day holiday, domestic tourism recorded outstanding performance, with the proportion of inter-provincial travel increased by 20% as compared with the corresponding period of the previous year. With reference to the market recovery process in other countries and regions following the relaxation of pandemic policies, it is expected that the domestic hotel industry will remain under short-term recovery pressure in the first half of 2023 due to the first wave of the pandemic and the slow recovery of inbound tourism. With the optimization of entry-exit control and the arrival of summer, the hotel industry is expected to grow well in the second half of the year. In general, the industry is still under short-term recovery pressure, and the path may be tortuous but leads to a bright future.

## CHAIRMAN'S STATEMENT

In 2023, Shanghai will focus on the implementation of major national strategic tasks, fully promote the construction of Pudong as a leading district, implement the "three major tasks" in depth, continue to promote the functional upgrading of the "five centers", and focus on building the "three major platforms" for mutual opening. It will strive to expand domestic demand and stabilize external demand to promote stable and healthy economic development, gather forces to promote its city digital transformation and speed up the building of an international digital capital with global influence, make efforts to promote green and low-carbon transformation, optimize the urban spatial pattern, enhance its soft power as an international cultural metropolis and improve the modernization level of urban governance, and strengthen support for education, science and technology talents to cultivate new development momentum and new advantages. The GDP growth target for 2023 is set at 5.5% or above.

Due to the projects in the last year that postponed their launch, the office buildings in Shanghai will be under tremendous supply pressure in 2023. Two new projects will be launched in Zhuyuan area this year, offering a new area of approximately 250,000 sq.m. and bringing the total area to 1.49 million sq.m.. While there will be many projects launched on the market in 2023, it is expected that tenants will take up leases in stages as before. As such, the vacancy rate will rise again, and rental prices will continue to drop. Financial and professional services will remain dominant in business districts, while the wholesale and retail trade will see improvement as the market recovers. According to an action plan released in Shanghai, five future industries will become new drivers of economic growth.

As for Wuhan, the primary goal of economic and social development in 2023 is a growth 6.5% or above in the regional GDP to reach RMB2 trillion. To this end, Wuhan will focus on expanding domestic demand and continue to enhance the endogenous driving force for stable growth; focus on developing industries and continuously strengthen the real economy; focus on building a new center for technological innovation to better serve technology self-reliance; and focus on playing its leading role in the region to promote the effective construction of the Wuhan Metropolitan Area through collaboration.

In 2023, with the easing of pandemic control measures, there will be a surge in new supply of Grade A office buildings in Wuhan, with the supply of 480,000 sq.m. throughout the year, resulting in a sustained impact on the existing market. The release of a large number of commercial service property supplies in various business districts will lead to increased sales pressure and more intense competition, and the vacancy rate of various business districts will be pushed to a high level in the short term. In order to raise the occupancy rate, projects newly launched in recent years offered lower prices and favorable rent-free terms to seize market share, which has put pressure on the average rental price of new leases in the city. It is expected that the overall price will continue to decline in the future.

In 2023, the Asian Games will be held in Hangzhou. It will not only have a positive impact to stimulate domestic demand and promote Hangzhou's economic development, but also play an important role in improving the city influence of Hangzhou and accelerating the building of a world-class socialist modern international metropolis.

In 2023, Hangzhou will see the supply of 300,000 sq.m. of high-quality office buildings. In the short term, various industries are still in the adjustment and transition stage following the optimization of pandemic prevention measures. As a result, the trend of falling rents and rising vacancy rates is likely to continue early this year. It is expected that in the second half of the year, the Asian Games to be held in September will show greater effect in empowering the city, which will further stimulate market vitality.

We are cautiously optimistic that under the optimisation of the pandemic prevention and control measures in China, with the combination of its premium portfolio of properties coupled with its professional management team, Yuexiu REIT will adhere to its original aspiration of maximizing asset value. Through the implementation of proactive and prudent leasing strategies, Yuexiu REIT will strive to tap the potential of business solicitation and tenants acquisition, strengthen the magnetic force of organizing activities to attract customers, deepen the digital empowerment to promote talents acquisition and operation, keenly grasp the potential investment opportunities to steadily advance debt restructuring, and expand financing opportunities in the capital market to effectively reduce financing costs, continuously generating stable return to the Unitholders.

## APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the Directors, senior management and staff for their dedicated hard work in the development of Yuexiu REIT, and our heartfelt thanks to all Unitholders, tenants and business partners for their strong support for Yuexiu REIT.

**LIN DELIANG**

*Chairman*

Hong Kong, 9 March 2023

# 2022 BUSINESS REVIEW AND FUTURE PROSPECTS

## BUSINESS REVIEW

2022 has been the most difficult year in the three years of the COVID-19 pandemic prevention and control. The sporadic resurgences of the pandemic accompanying with concentrated outbreak across China, coupled with the overall stagnant business activities and the sustained sluggish market demand had resulted in a significant impact on the operation of the existing properties of Yuexiu REIT. The Manager has adopted a proactive approach in tackling the challenges of the volatile external environment and unexpected pressure, and the Manager has done a good job in pandemic prevention and control, managed to deliver great value to the unitholders for their investment through sound property operation and management and dedicated efforts in the stabilization, optimization and expansion of customer base.

## PROPERTY PORTFOLIO AND VALUATION

As of 31 December 2022, Yuexiu REIT's portfolio of properties consisted of ten properties, namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain Carpark Spaces ("Fortune Plaza"), City Development Plaza Units and certain Carpark Spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), Yuexiu Financial Tower ("Yuexiu Financial Tower"), located in Guangzhou; Yue Xiu Tower ("Shanghai Yue Xiu Tower"), located in Shanghai; Wuhan Yuexiu Fortune Center, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan; Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory") located in Hangzhou; and 17th and 23rd Floors of Yue Xiu Building Units ("17th and 23rd Floors of Hong Kong Yue Xiu Building"), located in Hong Kong. The total gross floor area of the properties was 1,184,156.5 sq.m. and the total rentable area was 803,984.1 sq.m. (excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space of City Development Plaza; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Shanghai Yue Xiu Tower; 62,785.8 sq.m. of parking space and 12,415.1 sq.m. of common facilities area of Wuhan Properties; 17,663.6 sq.m. of parking space of Hangzhou Victory; 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

## PARTICULARS OF THE PROPERTIES ARE AS FOLLOWS:

Property	Type	Location	Year of Completion	Gross Floor Area (sq.m.)	Rentable Area (sq.m.)	Property	Number of Lease <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/sq.m./month)
						Occupancy Rate <sup>(1)</sup>		
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	81.3%	752	504.9
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 <sup>(2)</sup>	95.1%	85	152.5
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 <sup>(3)</sup>	88.4%	71	141.5
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	93.5%	26	213.9
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	89.4%	267	223.0
Including:	Grade A office			267,804.4	183,539.6 <sup>(4)</sup>	87.6%	210	238.8
	Retail shopping mall			46,989.2	46,727.3	96.3%	57	166.4
	Hotel			91,460.9 <sup>(5)</sup>	N/A	N/A	N/A	N/A
	Serviced apartment			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower	Grade A office	Pudong New District, Shanghai	2010	62,139.4	46,026.3 <sup>(4)</sup>	90.9%	123	232.8
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	67.9%	232	81.1
Including:	Grade A office		2016	139,937.1	129,446.7 <sup>(7)</sup>	62.1%	147	93.8
	Retail shopping mall		2015	45,471.4	43,546.6 <sup>(8)</sup>	85.1%	85	53.5
	Commercial parking space		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking space		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory	Grade A office	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8 <sup>(9)</sup>	100%	31	123.2
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8 <sup>(10)</sup>	91.6%	219	199.7
17th and 23rd Floors of Hong Kong Yue Xiu Building	Grade A office	Wanchai, Hong Kong	1985	872.2	872.2	100%	4	316.2
Total				1,184,156.5	803,984.1	85.5%	1,810	198.8

### Notes:

- (1) As at 31 December 2022;
- (2) Excluding 1,408.3 sq.m. of parking space area;
- (3) Excluding 2,104.3 sq.m. of parking space area;
- (4) Excluding 76,512.3 sq.m. of parking space area and 7,752.5 sq.m. of other ancillary facilities area;

## 2022 BUSINESS REVIEW AND FUTURE PROSPECTS

- (5) Including 2,262.0 sq.m. of hotel ancillary facilities 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 area;
- (10) Excluding 10,289.1 sq.m. of parking space area and 29,797.1 sq.m. of common facilities area.

### SEGMENTS OF THE PROPERTIES ARE AS FOLLOWS:

Rental Property	Gross Floor Area (sq.m.)	Rentable Area (sq.m.)	Occupancy Rate <sup>(1)</sup>	Percentage point increase as compared to the same period in 2021	Unit Rent (VAT exclusive) <sup>(1)</sup> (RMB/sq.m./month)	Percentage increase as compared to the same period in 2021	Operating Income <sup>(2)</sup> (RMB'000)
Office	871,235.3	636,319.1 <sup>(3)</sup>	84.7%	-6.2	187.7	0.0%	1,275,385
Retail Shopping Mall	120,158.7	117,536.1 <sup>(4)</sup>	91.5%	-6.5	138.8	-0.5%	153,682
Wholesale	50,199.3	50,128.9 <sup>(5)</sup>	81.3%	-10.2	504.9	-3.3%	93,262

Notes:

- (1) As at 31 December 2022;
- (2) For the year ended 31 December 2022;
- (3) Excluding 1,408.3 sq.m. of parking space area of Fortune Plaza; 2,104.3 sq.m. of parking space area of City Development Plaza; 76,512.3 sq.m. of parking space area and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 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) of Shanghai Yue Xiu Tower; 62,785.8 sq.m. of parking space and 10,490.3 sq.m. of specific purpose area (common facilities area and refuge floor) of Wuhan Yuexiu Fortune Center, 17,663.6 sq.m. of parking space area of Hangzhou Victory and 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower;
- (4) Excluding 435.9 sq.m. of other ancillary facilities area of Victory Plaza, 261.9 sq.m. of other ancillary facilities area of GZIFC Shopping Mall and 1,924.8 sq.m. of other ancillary facilities area of Wuhan Starry Victoria Shopping Centre;
- (5) Excluding 70.4 sq.m. of other ancillary facilities area of White Horse Building.

Operational Property	Type	Commencement of Operation	Gross Floor Area (sq.m.)	No. of Units (units)	Average Occupancy Rate <sup>(1)</sup>	Average Daily Rate <sup>(1)</sup> (RMB)
Four Seasons Hotel Guangzhou	Five star hotel	August 2012	91,460.9	344	56.4%	1,688
Ascott Serviced Apartment GZIFC	High-end serviced apartments	September 2012	51,102.3	314	87.1%	1,004

Notes:

- (1) From 1 January 2022 to 31 December 2022;
- (2) Both hotel and serviced apartments were entrusted operation.

## PROPERTY VALUATION

On 31 December 2022, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited, an independent professional valuer, and the revalued market value was approximately RMB42.359 billion.

The following table summarizes the valuation of each of the properties as at 31 December 2022 and 31 December 2021:

Name of Property	Valuation as at 31 December 2022 RMB million	Valuation as at 31 December 2021 RMB million	Increase/ (decrease) percentage
White Horse Building	4,861	5,007	(2.9)%
Fortune Plaza	1,252	1,253	(0.1)%
City Development Plaza	1,044	1,056	(1.1)%
Victory Plaza	955	955	—%
GZIFC	18,720	18,786	(0.4)%
Shanghai Yue Xiu Tower	3,031	3,060	(0.9)%
Wuhan Properties	3,598	3,629	(0.9)%
Hangzhou Victory	625	619	1.0%
Yuexiu Financial Tower	8,158	8,030	1.6%
Subtotal	42,244	42,395	(0.4)%
17th and 23rd Floors of Hong Kong Yue Xiu Building	115	N/A	N/A
Total	42,359	42,395	(0.1)%

## LEASE EXPIRY OF THE PROPERTIES

In the next five years and beyond, in respect of the rental area, ratios of lease expiry of Yuexiu REIT Properties each year will be 27.5%, 27.3%, 25.2%, 11.7% and 8.3% respectively. In respect of basic monthly rentals, ratios of lease expiry each year will be 26.7%, 30.9%, 25.8%, 10.6% and 6.0% respectively.

## 2022 BUSINESS REVIEW AND FUTURE PROSPECTS

### Revenue increased

In 2022, the properties of Yuexiu REIT recorded total revenue of approximately RMB1,872,860,000 representing an increase of 4.2% as compared to the same period of the previous year. Among which, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Shanghai Yue Xiu Tower, Wuhan Properties, Hangzhou Victory, Yuexiu Financial Tower and 17th and 23rd Floors of Hong Kong Yue Xiu Building accounted for approximately 5.0%, 3.7%, 3.6%, 3.5%, 47.0%, 5.8%, 7.0%, 1.8%, 22.6% and 0.0% of the total revenue, respectively.

The following table sets out a comparison of revenue in respect of the Properties between the reporting period and the same period of the previous year:

Name of Property	Revenue in 2022 RMB million	Revenue in 2021 RMB million	Increase/ (Decrease) Compared to 2021 RMB million	Increase/ (Decrease) %
White Horse Building	93.3	259.8	(166.5)	(64.1)%
Fortune Plaza	70.0	73.7	(3.7)	(5.0)%
City Development Plaza	67.0	70.6	(3.6)	(5.1)%
Victory Plaza	64.9	67.8	(2.9)	(4.3)%
GZIFC				
Office	465.1	494.5	(29.4)	(5.9)%
Retail shopping mall	64.6	64.0	0.6	0.9%
Hotel	248.2	302.9	(54.7)	(18.1)%
Serviced apartment	102.3	100.2	2.1	2.1%
Shanghai Yue Xiu Tower	108.5	118.1	(9.6)	(8.1)%
Wuhan Properties	130.6	183.5	(52.9)	(28.8)%
Hangzhou Victory	34.5	33.3	1.2	3.6%
Yuexiu Financial Tower <sup>(1)</sup>	423.8	28.3	395.5	1,397.5%
Sub-total	1,872.8	1,796.7	76.1	4.2%
17th and 23rd Floors of Hong Kong Yue Xiu Building <sup>(2)</sup>	0.1	N/A	0.1	N/A
Total	1,872.9	1,796.7	76.2	4.2%

Notes:

(1) The revenue of Yuexiu Financial Tower was recorded since 24 December 2021;

(2) The revenue of 17th and 23rd Floors of Hong Kong Yue Xiu Building was recorded since 21 December 2022.



The following table sets out a comparison of net property income in respect of the Properties between the reporting period and the same period of previous year:

Name of Property	Net Property Income in 2022 RMB million	Net Property Income in 2021 RMB million	Increase/ (Decrease) Compared to 2021 RMB million	Increase/ (Decrease) %
White Horse Building	79.6	218.8	(139.2)	(63.6)%
Fortune Plaza	58.7	62.0	(3.3)	(5.3)%
City Development Plaza	56.1	58.8	(2.7)	(4.6)%
Victory Plaza	54.4	57.4	(3.0)	(5.2)%
GZIFC				
Office	389.5	415.6	(26.1)	(6.3)%
Retail shopping mall	55.2	55.0	0.2	0.4%
Hotel	14.2	54.9	(40.7)	(74.1)%
Serviced apartment	60.0	59.4	0.6	1.0%
Shanghai Yue Xiu Tower	99.0	108.5	(9.5)	(8.8)%
Wuhan Properties	102.6	153.5	(50.9)	(33.2)%
Hangzhou Victory	27.6	27.5	0.1	0.4%
Yuexiu Financial Tower <sup>(1)</sup>	358.9	27.0	331.9	1,229.3%
Sub-total	1,355.8	1,298.4	57.4	4.4%
17th and 23rd Floors of Hong Kong Yue Xiu Building <sup>(2)</sup>	0.1	N/A	0.1	N/A
<b>Total</b>	<b>1,355.9</b>	<b>1,298.4</b>	<b>57.5</b>	<b>4.4%</b>

Notes:

- (1) The revenue of Yuexiu Financial Tower was recorded since 24 December 2021;
- (2) The revenue of 17th and 23rd Floors of Hong Kong Yue Xiu Building was recorded since 21 December 2022.

## 2022 BUSINESS REVIEW AND FUTURE PROSPECTS

### GZIFC – OPTIMIZATION, STABILIZATION AND EXPANSION OF CUSTOMER BASE FOR THE OFFICE, PROACTIVE ADJUSTMENT AND RENOVATION FOR THE SHOPPING MALL TO OPTIMIZE MARKET POSITIONING

GZIFC's office building is committed to customer structure optimization and service quality enhancement to comprehensively improve project operation level. With a focus on seizing the opportunity to relet large-area high-quality units, also paving the way for a long-term optimization of customer structure with greater investment in renovation projects and customized services, it aims at introducing high-quality customers, expanding its customer base and eventually, reshaping the project's landmark image. By virtue of its continued adherence to high international standards of operation and management, GZIFC successfully passed the examination at the end of 2022 and obtained BOMA CHINA COE renewal certifications, with 15 items well above the international standards.

In 2022, GZIFC Shopping Mall proactively pushed forward adjustments and renovations, completed the positioning adjustment of the B1 floor "Landmark Parlor" to optimize asset positioning. Despite the overall unstable market conditions, new tenants were successfully introduced and contracted rental leases over 3,000 sq.m. of area during the year through resource integration and multi-channel tenant acquisition, which further enhanced the awareness and diversification of brands in the building. In addition, GZIFC Shopping Mall organized brand portfolios to carry out scenario-based marketing, which elevated the efficiency of resource integration and facilitated connections between tenants. Through dedicated efforts in integrated marketing communication, as well as optimization of member management and services, it has enhanced the overall customers experience with a focus on operation support.

Hotel and serviced apartment experienced in different stages volatilities in their operations resulting from the pandemic in China, but their overall performance remained as the market benchmark.

Four Seasons Hotel actively participated in the leading media platform live events and large-scale marketing promotions to boost hotel's exposure. By continuously launching creative themed rooms and gift packages, hotel captured high net worth leisure customers and improved overall revenue. However, affected by the prevailing sluggish market environment, the average occupancy rate of the hotel was 56.4% in 2022, representing a decrease of 6.4 percentage points year-on-year. The average room rate was RMB1,688, representing a decrease of 7.6% year-on-year. The RevPAR was RMB952, representing a decrease of 17.0% year-on-year. Since its opening in 2012, the hotel has been in full operation for over ten years, as its core competitors entered the market successively or completed their renovation and upgrading, the leading edge of the hotel's product competitiveness has declined year by year. The annual RevPAR competitive index of the hotel was 109.1, representing a decrease of 13.1 year-on-year. The hotel continues to provide high standard of services to the customers as always, and has been awarded the "2022 Forbes Travel Guide Five-star Hotel" by Forbes Travel Guide in its eight consecutive years.

While facing restrictions on international business travel, Ascott Serviced Apartments actively explored domestic accommodation demand. The long-term rental business remained stable, while the short-term rental business, which relied on flexible prices and expanding promotion channels, recorded a year-on-year increase of 10.7% in revenue, effectively promoting the overall operation performance of the Ascott Serviced Apartments. In 2022, its average occupancy rate was 87.1%, representing an increase of 1.3 percentage points year-on-year. The average room rate was RMB1,004, representing an increase of 1.5% year-on-year. RevPAR was RMB874, representing an increase of 3.1% year-on-year. Thanks to the stabilizing effect of the long-term rental business, the annual RevPAR competitive index of the Ascott Serviced Apartments reached 156.3, making a record high. Ascott Serviced Apartments at GZIFC ranked first both in operating revenue and GOP in Ascott China for seven consecutive years since 2016.

### **YUEXIU FINANCIAL TOWER – ACTIVE RESPONSES TO MARKET SLOWDOWN, PROPER MANAGEMENT IN LEASE RENEWALS AND NEW CONTRACTS**

Facing a severe economic slump and a significant drop in the occupancy rate in Zhujiang New Town, Yuexiu Financial Tower negotiated lease renewals with important tenants in advance and successfully renewed leases with key tenants such as isuwang.com (快塑電子), Easylink Payment Co. Ltd. (易聯支付) and GD Technology Assets (粵科資產), with a total renewed leasing area of 15,000 sq.m. for the year, laying a solid foundation for the stable operation of Yuexiu Financial Tower. Meanwhile, with deepened customers relationships via multi-channels and proactively explored customers' demand for lease expansion, which eventually led to expansion of lease area by key customers such as Kaiyue Hotel Consulting Service (Guangzhou) Co., Ltd. (凱粵諮詢), CSSC (Hong Kong) Shipping Company Limited (中船租賃) and CR Assets (華潤資產), with a total newly contracted area of 18,000 sq.m. for the year, contributing to a stable occupancy rate.

### **WHITE HORSE BUILDING – STABILIZING AND RETAINING TENANTS IN ADVERSITY, SEEKING INNOVATION AND TRANSFORMATION IN COMPETITION**

Due to the impact of the pandemic prevention and control, White Horse Building was closed three times in 2022, and customer flow in the market continued to drop sharply, which made it even more difficult for tenants' operation. Without being intimidated by various difficulties, the operation management team of the White Horse Building actively explored high-quality external customers, broadly engaged leading customers in major competitive markets in Guangzhou through "cross-border" activities in different sectors, and successfully introduced and contracted with two top brands in fast fashion professional markets. Integrating the upstream and downstream of the industry chain and a cross-industry portfolio, the team established a reserve of a total of 702 potential customers and successfully introduced 104 high-quality customers. It also actively facilitated a breakthrough in business format and drove innovation in business model. For example, it introduced a number of well-known catering brands to the atrium of the first floor, which boosted customer flow significantly; it applied the innovative joint operation leasing model in standalone area of the 25th passage on the second floor and introduced high-quality customers of selected designer brands from Guangzhou and Shenzhen, which improved the overall product competitiveness. Meanwhile, it continued to carry out collaborative marketing activities combining festival promotion, sales events and customer services, with a focus on the demand of purchasers, to attract customers and facilitate transactions with targeted services.

## 2022 BUSINESS REVIEW AND FUTURE PROSPECTS

### FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – ADJUSTING POSITIONING TO SEEK STABILITY, ELIMINATING RISKS AND OPTIMIZING PRODUCTS

Fortune Plaza proactively adjusted the business positioning of the podium by making use of the expiring lease area to bring in a number of stable customers, and facilitating COSCO Logistics (中遠物流), a Fortune 500 company, an existing tenant to expand its lease area to the entire floor, and the proportion of high-quality customers has increased persistently. City Development Plaza actively eliminated the risk of lease termination by swiftly introducing high-quality customers such as WUYIGE Certified Public Accountants LLP, and at the same time vigorously promoted product upgrading to optimize the layout and user experience of rental units.

### VICTORY PLAZA – ACTIVELY ELIMINATING THE RISK OF LEASE TERMINATION AND EMPOWERING TENANTS WITH INTEGRATED MARKETING

Due to the impact of repeated pandemic outbreaks, Victory Plaza continued to experience early lease termination by struggling tenants. In response to the situation, the operation team proactively adjusted the positioning and brand, promptly terminated the leases with high-risk customers, and seamlessly introduced the popular Cantonese cuisine brand Xiao Li Yuan (小荔園) and the well-known hair care brand Hairology (絲域). Furthermore, a number of impressive large-scale events were organized with the support of both internal and external resources, empowering tenants and project operations both internally and externally. In 2022, Victory Plaza has been successively given the titles of “Top 10 Fashion Shops in Flower City (花城時尚十大名店)” and “Caring Charity Unit (愛心公益單位)”, which have been fully recognized by the industry.

### SHANGHAI YUE XIU TOWER – MAKING UP FOR THE DEFICIENCY TO MAINTAIN QUALITY AND IMPROVING LEASE RENEWALS FOR STABLE OPERATION

Shanghai Yue Xiu Tower formulated unique lease renewal plans for high-quality customers in the building, with a primary goal of retaining customers with all efforts. Through the provision of a wide range of matching products for the office building and flexible combination of leasing conditions, combined with various value-added services, the annual renewal rate was approximately 78%, hitting a new high in the last three years. In terms of new leasing, there were strict requirements on the qualifications of the tenant enterprises. Five target customers were introduced throughout the year, resulting in a more balanced tenant structure for the building and improved risk resistance. Some long-term vacant units were renovated and reconstructed according to the market demand, and most of the renovated units with refined decoration were sold quickly. The sell-through rate of renovated units reached 91%.

### WUHAN PROPERTIES – FACILITATING THE CONVERSION INTO NEW LEASE CONTRACTS AND STABILIZING EXISTING CUSTOMERS

In 2022, stagnant market demand due to continued lockdown to curb the pandemic resulted in a dramatic increase in high-risk customers of Wuhan Yuexiu Fortune Center, as reflected by a noticeable termination of leases by many micro, small and medium-sized enterprises, which led to a sharp drop in the occupancy rate. The operation team actively intensified its efforts in business solicitation, organized activities targeting different industries and sectors to attract and sign tenancy contracts with new customers, and promoted product transformation according to market demand, achieving newly contracted lease area of approximately 16,000 sq.m. for the year. At the same time, it engaged in renewal negotiations in advance to set up an early reserve for potential customers; whereas for high-risk customers, it implemented one distinctive policy for each different customer to ensure stability. In 2022, Yuexiu Fortune Center won the title of LEED EB platinum certification and “Model Property of Wuhan”.

Due to the severe adversity caused by the pandemic, Starry Victoria Shopping Centre experienced a drastic decline in sales and lease termination by many tenants. In response, the operation team strived to expand various channels in building up tenant reserve, engaged more potential tenants and improved the contract conversion rate. During the year, it successfully entered into contracts with branded customers including "Chow Tai Fook", "Luckin Coffee" and "Pizza Hut", which enriched the variety of brands in various industries, improved the overall retail environment and attracted more family customers. In 2022, Starry Victoria Shopping Centre offered two rounds of rental concessions to tenants affected by the pandemic and established the support mechanism of an unique strategy for each shop, thereby effectively stabilizing the operation of tenants.

### **HANGZHOU VICTORY – VACATING THE PROPERTY FOR NEW TENANTS TO SEEK A BREAKTHROUGH IN STABILITY**

Hangzhou Victory actively removed high-risk customers, and engaged new customers in advance to shorten the vacancy period. Successfully introduced a number of premium enterprises including China Railway 15th Bureau (中鐵十五局), a Fortune 500 company, and supported powerful state-owned enterprises with a strong ability to afford a higher rental, such as Shanxi Road & Bridge (山西路橋) and Yuexiu Financial Leasing (越秀融資租賃), to expand their lease areas, vacant units had been quickly leased. As of the end of 2022, Hangzhou Victoria achieved a property occupancy rate of 100%.

## 2022 BUSINESS REVIEW AND FUTURE PROSPECTS

### CONTINUOUS OPTIMIZATION OF THE PROPERTY PORTFOLIO, PROMOTING A SOLID BUSINESS GROWTH

The Manager adhered to a prudent and reliable investment development strategy, developed high development potential cities based on the Guangdong-Hong Kong-Macao Greater Bay Area, and expanded the evaluation scope of investment properties to include sustainable development standards. In 2022, the Group acquired two commercial properties in Hong Kong, which led to a more diversified asset portfolio. The Manager will review the operation and investment returns of its properties from time to time. Upholding the policy of continuous optimization of asset portfolio, the Manager will also dispose non-core projects with weakening growth in a timely manner and strive to create steady and sustainable returns for the Unitholders.

### ACTIVE PROMOTION OF PROJECTS FOR ASSET APPRECIATION, ACHIEVING VALUE PRESERVATION AND APPRECIATION OF PROPERTIES

In 2022, the Manager continued to invest in a number of asset upgrading and renovation projects, which included the upgrading and renovation project of swimming pool in Ascott Serviced Apartment GZIFC; the replacement and retrofit of heat medium pipelines, the water leakage retrofit of the corridor on the 1st floor and the roof glass on the 103rd floor, the replacement of the air-conditioning cooling tower and the foam fire suppression system of the aircraft parking apron on the roof, the ground renovation project of the logistics passage on the B2 floor and the logistics passage of the 1F banquet hall for Four Seasons Hotel Guangzhou; the structural safety monitoring project for GZIFC; the retrofit of fan coil unit of air conditioners on the third floor and the retrofit project of fire-fighting main engine in White Horse Building; the replacement of wind cabinet on the second and third floors of the podium, the replacement and retrofit project of certain air-conditioning system terminal in Fortune Plaza; the retrofit project of surveillance system in Victoria Plaza; the retrofit project of fan coil unit of air conditioners in City Development Plaza; safety inspection of glass curtain walls for GZIFC, Yuexiu Financial Tower, City Development Plaza and Victory Plaza; rainwater and sewage pipeline retrofit project of Hangzhou Victory; the capital expenditure renovation for the fire water pumps to switch to star-delta starting, quality improvement and public area facilities renovation project for Wuhan Yuexiu Fortune Center and Starry Victoria Shopping Centre; the retrofit project of the collecting well of pumping and drainage system for rainwater catchment for the office building of Shanghai Yue Xiu Tower; decoration of shops in Shanghai Yue Xiu Tower, Fortune Plaza, City Development Plaza, Yuexiu Financial Tower, Wuhan Fortune Center and White Horse Building with a total area of approximately 17,000 sq.m.. The renovated units of these projects had effectively shortened the vacancy period and increased the level of rent, which improved the operating efficiency and business environment of the projects on a continuous basis. The investment for the above renovation projects amounted to approximately RMB53.54 million.

In 2023, the Manager is planning to invest mainly in capital expenditure renovation projects for White Horse Building, GZIFC, Four Seasons Hotel, Shanghai Yue Xiu Tower, Wuhan Fortune Center and Hangzhou Victory, in order to achieve value preservation and appreciation of the properties and to improve the operation level of leasing.

## ACTIVE MANAGEMENT IN FINANCING RISKS AND EFFECTIVE REDUCTION OF FINANCING COST

In terms of liquidity management, with regard to the 3-year syndicated loan of HK\$3.1 billion and the 3-year bank loan of approximately HK\$123 million due in 2022, the Manager introduced a 3-year syndicated sustainable loan totaling HK\$3.8 billion obtained in 2022 to refinance the maturing loans so as to ensure effective monitor on the liquidity risk.

As for the interest rate management, in order to curb US inflation in 2022, the US Federal Reserve announced a total of seven interest rate hikes during the year, with a cumulative increase of 425 basis points. Hong Kong dollar followed the sharp interest rate hike, while in contrast, the RMB interest rate market entered a downward trend. Taking advantage of the bottom window of the RMB interest rate market, the Manager completed the onshore financing of approximately RMB1,284 million in July 2022, effectively reducing the overall financing cost. At the end of 2022, 1-month HIBOR and 1-month LIBOR increased by 412 and 429 basis points respectively from those at the beginning of year. The Manager mitigated the impact of the interest rate market by maintaining appropriate floating interest rate exposure. At the end of 2022, the average financing cost of Yuexiu REIT was 4.83%, an increase of 258 basis points from 2.25% at the beginning of the year.

With regard to foreign exchange management, both US dollar and Hong Kong dollar appreciated significantly against RMB in 2022 due to the combined effects of US dollar interest rate hikes and RMB interest rate cuts. The Manager continued its focus on market dynamics by adopting effective management strategies and foreign exchange hedging tools at reasonable cost to monitor foreign exchange exposure. In 2022, Yuexiu REIT's accumulated exchange loss for the whole year was RMB944 million (2021 exchange gain: RMB341 million), the fair value gain of hedging products was RMB322 million (2021 fair value loss: RMB115 million), and the net loss for the whole year was RMB622 million (2021 net gain: RMB226 million). In addition, an amount of HK\$3.1 billion for which foreign exchange hedging have been arranged was due for settlement, resulting in a hedging gain of approximately RMB106 million.

## FINANCE OUTLOOK

As the US Federal Reserve raised interest rates aggressively to curb domestic inflation since 2022, Hong Kong dollar has entered the interest rate hike cycle due to the pegged exchange rate system. On the other hand, China has been cutting RMB interest rates in a bid to stimulate economic recovery after the pandemic. In light of the rising foreign interest rates and the relatively low cost of RMB, the Manager will continue to review and make reasonable adjustments to its financing structure depending on expectations of market developments, such as introducing low-cost RMB capital through onshore bond issuance or cross-border financing, in order to seek more favorable financing costs and offset interest rate risks.

## LOOK FORWARD TO 2023

Regarding the economic trend in 2023, the global environment remains complex and challenging, with rising risk of global stagflation. China's economy has been steadily recovering since the country optimized and adjusted its pandemic prevention and control policies. According to the World Economic Outlook Update released by the International Monetary Fund (IMF), forecast for China's economic growth was significantly raised to 5.2% for this year. In addition, Morgan Stanley, Goldman Sachs, Credit Suisse, UBS and other leading investment banks have also forecasted a rising economic growth in China.

Committed to holding fast to its original aspiration of maximizing asset value, the Manager will, through the implementation of proactive and prudent leasing strategies, keenly grasp the potential investment opportunities and expand financing opportunities in the capital market to effectively reduce financing costs, continuously generating stable return to the Unitholders.

# FINANCIAL REVIEW

## FINANCIAL RESULTS

Yuexiu REIT gross income and net property income were higher than the corresponding period of 2021. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2022 RMB'000	2021 RMB'000	Increase/ (Decrease) %
<b>Gross income</b>	<b>1,872,860</b>	1,796,686	4.2%
Hotel and serviced apartment direct expenses	(260,396)	(277,142)	(6.0)%
Leasing agent fees	(46,713)	(43,861)	6.5%
Property related taxes (Note 1)	(207,039)	(175,141)	18.2%
Other property expenses (Note 2)	(2,840)	(2,143)	32.5%
Total property operating expenses	(516,988)	(498,287)	3.8%
<b>Net property income</b>	<b>1,355,872</b>	1,298,399	4.4%
Withholding tax	(29,468)	(47,359)	(37.8)%
Depreciation and amortisation	(136,791)	(134,701)	1.6%
Manager's fees	(166,530)	(139,733)	19.2%
Trustee fees	(12,703)	(10,248)	24.0%
Other trust expenses (Note 3)	(89,413)	(17,793)	402.5%
Total non-property expenses	(434,905)	(349,834)	24.3%
<b>Profit before finance income, finance expenses and income tax</b>	<b>920,967</b>	948,565	(2.9)%
Finance income	25,511	366,703	(93.0)%
Finance expenses	(1,521,382)	(390,086)	290.0%
(Loss)/profit before tax	(574,904)	925,182	(162.1)%
Income tax expense	(237,986)	(263,608)	(9.7)%
<b>(Loss)/profit after income tax before fair value (loss)/gain on investment properties and fair value gain/(loss) on derivative financial instruments</b>	<b>(812,890)</b>	661,574	(222.9)%
Fair value (loss)/gain on investment properties	(95,813)	78,668	(221.8)%
Fair value gain/(loss) on derivative financial instruments	397,763	(65,680)	(705.6)%
Net (loss)/profit after income tax before transactions with Unitholders	(510,940)	674,562	(175.7)%

Note 1 Property related tax included urban real estate tax, land use right tax, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties.

Note 2 Other property expenses included valuation fee, insurance premium, impairment allowance and other expenses.

Note 3 Other trust expenses included audit fees, legal counselling fees, printing charges, unit registrar fees, listing fees, exchange differences from operation and miscellaneous expenses.



Gross income and net property income during the Reporting Year were approximately RMB1,872,860,000 (2021: RMB1,796,686,000) and RMB1,355,872,000 (2021: RMB1,298,399,000) respectively, which represented an increase of approximately 4.2% and 4.4% respectively while comparing with 2021.

Gross income included income from office, wholesales, retail, hotel and serviced apartments. Gross income analysis is listed in the following table:

	Mainland China RMB'000	Hong Kong RMB'000	2022 RMB'000	2021 RMB'000
Office (Note 1, 2)	1,275,310	75	<b>1,275,385</b>	973,345
Wholesales (Note 2)	93,262	—	<b>93,262</b>	259,793
Retail (Note 2)	153,682	—	<b>153,682</b>	160,437
Hotel and serviced apartment (Note 3)	350,531	—	<b>350,531</b>	403,111
<b>Total</b>	<b>1,872,785</b>	<b>75</b>	<b>1,872,860</b>	<b>1,796,686</b>

Net property income amounted to approximately RMB1,355,872,000 (2021: RMB1,298,399,000) representing approximately 72.4% (2021: 72.3%) of total gross income, after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property expenses. Net property income analysis is listed in the following table:

	Mainland China RMB'000	Hong Kong RMB'000	2022 RMB'000	2021 RMB'000
Office (Note 1, 2)	1,073,322	75	<b>1,073,397</b>	829,530
Wholesales (Note 2)	79,641	—	<b>79,641</b>	218,857
Retail (Note 2)	128,660	—	<b>128,660</b>	135,780
Hotel and serviced apartment (Note 3)	74,174	—	<b>74,174</b>	114,232
<b>Total</b>	<b>1,355,797</b>	<b>75</b>	<b>1,355,872</b>	<b>1,298,399</b>

Note 1 The revenue of Guangzhou Yuexiu Financial Tower was recorded since 24 December 2021. The revenue of 17th and 23rd floors of Hong Kong Yue Xiu Building newly acquired was recorded since 21 December 2022.

Note 2 In 2022, due to the re-emergence of the COVID-19, Yuexiu REIT provide temporary rent concessions to certain micro, small and medium tenants of its office, wholesales mall and retail mall.

Note 3 Due to the relapse of the COVID-19, Four Seasons Hotel Guangzhou recorded a drop in its average occupancy rate and average room rate.

Hotel and serviced apartment direct expenses were approximately RMB260,396,000 (including depreciation expense of approximately RMB10,086,000 incurred in connection with right-of-use asset and interest expense of approximately RMB342,000 incurred in connection with lease liability), a decrease of 6.0% as compared with 2021. It was mainly due to a decrease in the occupancy rate of hotels and serviced apartments in 2022.

Leasing agent fees slightly increased by approximately 6.5% as compared with 2021. It was mainly because of an increase of rental income.

## FINANCIAL REVIEW

Property related tax increased by approximately 18.2% as compared with 2021. It was mainly due to an increase of rental income and the PRC Government had provided tax relief after the rent concession provided by Yuexiu REIT to its tenants in 2021 which did not occur in 2022.

Depreciation and amortisation charge was mainly due to the fact that hotel and serviced apartments of GZIFC were booked as fixed assets and land use right incurring the depreciation and amortization charge.

Other trust expenses increased by approximately 402.5%. It was mainly due to an increase of the foreign exchange loss from operation. Excluding this foreign exchange loss from operation of approximately RMB48,564,000 (2021: foreign exchange gain from operation of approximately RMB1,882,000), other trust expenses incurred for the Reporting Year amounted to approximately RMB40,849,000 (2021: RMB19,675,000).

Overall, the Manager's fees increased by approximately 19.2%. The Trustee fees increased by approximately 24.0%. It was mainly due to the new acquisition.

The finance income received for the Reporting Year amounted to approximately RMB25,511,000 (2021: RMB26,142,000 excluding an exchange gain of approximately RMB340,561,000 due to Renminbi appreciated against Hong Kong Dollar and United States Dollar).

During the Reporting Year, the depreciation of Renminbi against Hong Kong Dollar and United States Dollar resulted in an exchange loss of approximately RMB944,353,000. Excluding the exchange loss, the finance expenses incurred for the Reporting Year amounted to approximately RMB577,029,000 (2021: the finance expenses was approximately RMB390,086,000). The average one-month Hong Kong Interbank Offered Rate ("HIBOR") for 2022 was higher than that of 2021 by approximately 137 basis points and led to an increase of interest cost on the floating portion of debt.

Loss after tax before transactions with Unitholders amounted to approximately RMB510,940,000 (2021: profit after income tax before transactions with Unitholders of RMB674,562,000) which represented a decrease of 175.7%, mainly due to Renminbi depreciated against Hong Kong Dollar and United States Dollar and a fair value loss on Properties valuation.

### THE IMPACT OF THE OUTBREAK OF COVID-19 AND THE ACQUISITION OF YUEXIU FINANCIAL TOWER ON YUEXIU REIT

Multiple outbreaks of coronavirus disease 2019 (the "COVID-19") have emerged in the People's Republic of China ("PRC") since the beginning of 2022. The Manager regards all of Yuexiu REIT's tenants as its long-term business partners. As such, having considered various factors, including (i) Yuexiu REIT's corporate social responsibility, (ii) the Rental Concession Guidelines issued by certain provincial or municipal governments in the PRC, (iii) the relevant profiles of Yuexiu REIT's tenants, and (iv) the operating pressure of tenants whose businesses were and may continue to be adversely affected by the outbreak, Yuexiu REIT will offer temporary rental concessions to certain tenants of offices, retail malls and the wholesale mall held by Yuexiu REIT (namely White Horse Building (白馬大廈) in Guangzhou, Yue Xiu Tower (上海越秀大廈) in Shanghai and Starry Victoria Shopping Centre (星匯維港購物中心) in Wuhan, but shall not include International Grade A office buildings) in support of the affected tenants and commercial and retail industry generally during this challenging time. At the same time, the hotel industry in the PRC has been adversely affected by the COVID-19 outbreak and the COVID-19 Measures, and Four Seasons Hotel Guangzhou, being the only hotel in Yuexiu REIT's property portfolio, was expected to have a negative impact on the gross revenue. The acquisition of Yuexiu Financial Tower was completed on 23 December 2021. It is an international Grade-A office building and has borne less impact under this outbreak of COVID-19.

Yuexiu Financial Tower achieved operating results in line with acquisition expectations during the Reporting Year, providing a distribution enhancement of 8% per unit to Yuexiu REIT. The following is a summary of Yuexiu REIT's financial results, after the acquisition of Yuexiu Financial Tower and under the outbreaks of COVID-19, during the Reporting Period:

(in Renminbi ("RMB"), unless otherwise specified)

	Existing Properties Portfolio (excluding Yuexiu Financial Tower)	Yuexiu Financial Tower	Total
Operation:			
Revenue	1,449,053,000	423,807,000	1,872,860,000
Net Property Income	997,017,000	358,855,000	1,355,872,000
Distribution:			
Total Distribution	372,014,000		533,324,000
Number of Units issued (units)	3,549,377,287		4,783,780,325
DPU	0.1048		0.1133

### Net Asset Value

The net assets attributable to the Unitholders per unit as at 31 December 2022 was approximately RMB3.37 (2021: RMB4.31), which represented a decrease of approximately 21.8%.

### Deferred Units

According to the offering circular in relation to the acquisition of GZIFC dated 30 June 2012, commencing from 31 December 2016, the Yuexiu REIT will, on 31 December of each year, issue to Yuexiu Property Company Limited ("YXP") (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to YXP (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of YXP (and parties acting in concert with it) 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 them at the relevant time.

As stated in the 13 November 2021 Circular ("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 2021 Announcement (being HK\$3.67), 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 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.

Accordingly, following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as described in the announcement on 31 December 2021), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Assignment consideration will be fully settled by 31 December 2025 by the issue of 329,808,584 Deferred Units (the "Further Deferred Units") in aggregate at HK\$3.861652 per Unit.

On 31 December 2022, the Yuexiu REIT issued 75,000,000 Units (being the "2022 Deferred Units") at a price of HK\$3.861652 per Unit to a wholly-owned subsidiary of YXP Property in partial satisfaction of the outstanding consideration from the Yuexiu REIT's investment in Guangzhou International Finance Center in 2012.

## FINANCIAL REVIEW

### New Units Issued and Unit Activity

On 26 January 2022, the Right Issue on the basis of 37 units for every 100 units held on the Rights Issue Record Date was completed, and Yuexiu REIT issued 1,234,403,038 units, of which 454,547,406 units were issued to independent third parties and 779,855,632 units were issued to YXP and its associates. The fund was used for partial payment of the acquisition cost of Guangzhou Yuexiu Financial Tower.

In respect of the partial settlement of the Manager's Fee during the relevant periods, Yuexiu REIT newly issued 20,160,589 and 36,992,270 units at HK\$3.35 and HK\$2.573 per Unit on 22 March 2022 and 19 August 2022 respectively. On 31 December 2021, referring to the terms disclosed in the Circular dated 30 June 2012 and the Circular dated 13 November 2021, Yuexiu REIT issued 75,000,000 Units at a price of HK\$3.861652 per Unit to Dragon Yield Holding Limited (a wholly-owned subsidiary of YXP) in partial satisfaction of the outstanding consideration from its investment in GZIFC in 2012.

As at 31 December 2022, a total of 4,783,780,325 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$3.47 and a low of HK\$1.32 during the Reporting Year. The average trading volume amounted to approximately 3,854,000 Units per day during the Reporting Year (2021: approximately 2,460,000 Units).

The closing price of the Units as at 31 December 2022 was HK\$1.97, representing a discount of approximately 45.00% as compared to the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2022.

## CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Bank borrowings and notes		
Denominated in RMB	1,234,400	1,284,400
Denominated in HK\$	15,885,279	13,793,799
Denominated in USD	2,785,478	2,544,240
<b>Total bank borrowings and notes</b>	<b>19,905,157</b>	17,622,439
Maturity analysis		
Within one year	4,364,124	2,893,984
Two to five year	15,541,033	14,557,455
Beyond five year	—	171,000
The effective interest rate (per annum) of the borrowings and notes at the balance sheet day		
RMB	3.45%	4.31%
HK\$	5.31%	1.98%
USD	2.72%	2.72%

The overall interest rate per annum of the borrowings and notes at the balance sheet day is 4.83% (2021: 2.25%). The average interest rate was approximately 3.05% (2021: 2.52%) for the year.

In 2022, the Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and has been alert of the foreign exchange risk.

As at 31 December 2022, Capped Forward hedging was applied to certain foreign bank loans to fix the RMB exchange rate. The total amount of hedged loans and bonds was approximately RMB5,279,029,000 (2021: RMB2,525,377,000).

As at 31 December 2022, Yuexiu REIT held certain hedging financial derivatives with fair value asset of approximately RMB76,854,000 (2021: fair value liabilities of approximately RMB213,933,000).

On 21 June 2022, Yuexiu REIT, through its onshore project company, entered into a facility agreement with certain bank in connection with a five-year secured and fixed rate term (3.5% per annum) loan facility of RMB2,000,000,000. Thereafter the total loan amount was changed to RMB1,700,000,000 with floating rate on 13 December 2022. RMB713,400,000 was drawn down on 21 June 2022, RMB271,000,000 was drawn down on 30 June 2022 and RMB300,000,000 was drawn down on 7 July 2022 for the purpose of repayment of certain RMB bank loan facility.

On 2 November 2022 and 12 December 2022, Yuexiu REIT, through its SPV's company, entered into a sustainability-linked term loan facility agreement with certain banks in connection with a three-year unsecured and floating rate term loan facility of HK\$3,800,000,000. On 7 November 2022, 18 November 2022 and 16 December 2022, the loan were drawn down respectively for repayment of certain matured HK\$ bank Loan Facility.

As at 31 December 2022, total borrowings of Yuexiu REIT amounted to approximately RMB19,905,157,000 (calculation of total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses), representing approximately 45.4% of total assets. The gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code (which was amended in December 2020).

As at 31 December 2022, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB26,544,795,000, representing approximately 60.5% of total assets of Yuexiu REIT.

## CASH POSITION

Cash and cash equivalents and short-term bank deposits of Yuexiu REIT as at 31 December 2022 amounted to approximately RMB1,383,773,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

The Manager has adopted a prudent approach in cash management to ensure flexibility to meet the operational needs and the distributions of Yuexiu REIT.

## FINANCIAL REVIEW

### ACCOUNTING TREATMENTS

#### Units recorded as Financial Liabilities; Distributions to Unitholders as Finance Costs

Pursuant to Rule 7.12 of the REIT Code and the terms of the Trust Deed, Yuexiu REIT is required to distribute to the Unitholders not less than 90% of its audited annual net income after tax (subject to certain adjustments as defined in the Trust Deed).

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, 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.

In accordance with the Hong Kong Accounting Standards 32 ("HKAS 32"), Yuexiu REIT has, for accounting purposes, classified its Units as financial (not legal) liabilities.

On the basis of the HKAS 32, distributions to be paid to the Unitholders are represented as finance costs and are therefore presented as expenses in the consolidated statement of comprehensive income. Consequently, Yuexiu REIT has, for accounting purposes, recognised distributions as finance costs in its audited consolidated statement of comprehensive income.

The above accounting treatment does not have any impact on the net assets attributable to the Unitholders.

### SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

During the Reporting Year, Yuexiu REIT carried out the following acquisition:

Acquired two storeys of Yuexiu Building, located in Wan Chai, Hong Kong, for the consideration of approximately HK\$126 million. The acquisition was completed on 20 December 2022. Referring to the announcement on 20 December 2022 for details.

### REAL ESTATE AGENTS ENGAGED BY YUEXIU REIT

During the Reporting Year, Yuexiu REIT had engaged Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd ("Yicheng BM"), Guangzhou Baima Business Operation Management Co., Ltd ("Baima BM") and Guangzhou Yue Xiu Asset Management Company Limited ("GZ AM")<sup>(1)</sup> to provide designated leasing, marketing, tenancy management and property management services (collectively, "Leasing Agents") to the Properties.

During the Reporting Year, Yuexiu REIT paid/payable service fees to Yicheng BM, Baima BM and GZ IFC Management in the amounts of RMB26,095,000, RMB2,798,000 and RMB17,820,000 respectively.

(1) GZ AM changed its name to Guangzhou IFC Business Management Co., Ltd. (廣州國金商業經營管理有限公司) ("GZ IFC Management") with effect from 21 February 2023.

### REPURCHASE, SALE OR REDEMPTION OF UNITS

Yuexiu REIT may, subject to the fulfillment of certain requirements, purchase its own Units on the Stock Exchange.

During the Reporting Year, there was no repurchase, sale or redemption of Units by Yuexiu REIT or its subsidiaries.

## **EMPLOYEES**

As at 31 December 2022, Yuexiu REIT employed 544 and 128 employees in China for hotel operation through its branch company and for serviced apartments operation through its subsidiary respectively, mainly to fulfill its operating functions and provision of services for hotel and serviced apartments.

Save as disclosed above, Yuexiu REIT is managed by the Manager. Yuexiu REIT does not employ any staff directly.

## **REVIEW OF FINANCIAL RESULTS**

The final results of Yuexiu REIT for the Reporting Year have been reviewed by the Disclosures Committee and the Audit Committee of the Manager.

## **ISSUANCE OF ANNUAL REPORT**

The annual report of Yuexiu REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2023.

## **ANNUAL GENERAL MEETING**

The date and notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT SUMMARY

## SUSTAINABLE DEVELOPMENT PRINCIPLES

Yuexiu REIT is managed by the Manager who in turn has delegated the functions of leasing and marketing all properties to Baima BM, Yicheng BM, and GZ IFC Management (Yuexiu REIT, the Manager and parties who have been delegated functions are collectively referred to as “we” hereinafter, as and when the context requires). While maintaining a leading position in the capabilities of asset appreciation, business operation and capital operation, we adhere to the concept of sustainable development, and set up three sustainable development principles: win-win development, green development, and inclusive development, to strive for creating long term value.

## REINFORCING THE SUSTAINABLE DEVELOPMENT STRUCTURE

The Board of Directors guides and supervises the sustainable development and is responsible for ESG management and disclosure. The Sustainability Steering Group has been established at the management level, and the Sustainability Working Group and the Sustainability Teams of Properties have been established at the executive level. During the year, we have also set up a special team focusing on a new mechanism for energy conservation and consumption reduction driven by technology, as well as further deepened energy conservation and carbon reduction planning. We organically integrated the concept of sustainability into our existing business and control models, and continued to improve our ESG system development and management to set short, medium and long-term sustainable development goals.

## MAINTAINING COMMUNICATION WITH OUR STAKEHOLDERS

We regard our tenants, customers, employees, government/regulators, unitholders and investors, ESG third-party evaluation institutions, suppliers, media and communities as our main stakeholders. To achieve the goal of sustainable development, we give back to the stakeholders through a series of measures, including carrying out asset appreciation projects and service innovation to improve customer satisfaction and trust; improving employee care policy to create a safe, fair, inclusive, and open working environment; taking effective measures for energy conservation, emission reduction, and waste disposal to reduce the impact of property operation on the environment; advocating public charity and poverty alleviation activities to help the groups in society who are in need.

## CONDUCTING ANALYSIS ON MATERIAL ISSUES

Through the analysis of regulatory requirements, media research, peer benchmarking, questionnaire survey and field investigation of the properties, we review and obtain material issues, which are the basis for the preparation of the Environmental, Social, and Governance Report (“ESG Report”) to ensure the reasonable disclosure of ESG-related information. This year, we added a new material issue, namely diversity and inclusion. Meanwhile, we maintain the importance of ESG issues such as energy conservation, water conservation, addressing climate change, waste reduction, talent attraction and retention and value chain social responsibility, in response to the country’s demand for high quality development.

For more information on Yuexiu REIT’s ESG performance in this year, please refer to the ESG Report 2022.



## ANNUAL ESG HIGHLIGHTS

### Sustainable Development Management



- Checked and reviewed sustainable development goals
- Set up a working group on energy conservation and consumption reduction
- Engaged external experts to carry out 2 ESG topic sharing and training sessions, hosted by the chairman of the Board of Directors

### Green and Sustainable Finance



- Signed the first sustainability-linked loan of HKD3.8 billion, and the proportion of green and sustainability related loan was 38.6%

### Green Building



- GZIFC completed the renewal of LEED O+M Platinum Certification and BOMA China COE Certificate
- Wuhan Yuexiu Fortune Centre obtained the first LEED O+M Platinum Certificate
- The proportion of LEED Platinum certified properties increased to 68% in terms of gross floor area

### Addressing Climate Change and Low-carbon Transformation



- Carried out climate scenario analysis by reference to TCFD recommendations for the first time, and reviewed the resilience against climate change
- Established the first Climate Risk Management Policy after research
- Engaged third-party institution to carry out carbon inventory and low-carbon transition planning
- Participated in the formulation of the first group standard of Code for Grade Assessment of Zero Carbon Intelligent Buildings in China
- Total investment of RMB14.35 million in energy conservation promotion asset appreciation projects during the reporting period

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT SUMMARY

### Information Disclosure

- Added sustainable development special column on the website of the Trust for centralized disclosure of ESG information



### ESG Ratings

- MSCI ESG rating of 2022 was upgraded to "BB"
- Global Real Estate Sustainability Benchmark ("GRESB") promoted to Green "Four Star" rating, and obtained A grade (highest grade) public disclosure for two consecutive years
- Rated as "Low Risk" in annual Sustainalytics ESG risk rating for the first time, achieved "2023 ESG Regional TOP Rated (APAC)"
- The 2022 S&P Global ESG score was 34, up 13.3% from last year. The score was better than 81% of the global participants of real estate industry



### ESG Awards

- Outstanding Award for Green and Sustainable Loan Issuer (Real Estate Investment Trust Funding) – "Visionary Sustainability-linked Loan Performance Metrics" and "Pioneering Organisation in Climate Disclosure Planning" from Hong Kong Quality Assurance Agency ("HKQAA")
- TOP10 ESG Development Performance Award of Commercial Real Estate Enterprise 2022 from Guandian Index



### Concentric Pandemic Fighting

- Organized volunteers to support the anti-epidemic work during the outbreak of COVID-19
- Provided cumulative temporary rental concessions of RMB146 million to ensure the stable operation of tenants as far as possible



## PROPERTY PORTFOLIO

### OVERVIEW OF THE PROPERTIES

The property portfolio of Yuexiu REIT comprises ten high-quality properties, namely GZIFC, Yuexiu Financial Tower, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Shanghai Yue Xiu Tower, Wuhan Properties, Hangzhou Victory and 17th and 23rd Floors of Hong Kong Yue Xiu Building.

### LOCATION OF THE PROPERTIES

The Properties of Yuexiu REIT are located in the core business districts ("CBD") of Guangzhou, Shanghai, Wuhan and Hangzhou, the PRC. In particular, both GZIFC and Yuexiu Financial Tower are located at the core financial business district of the Zhujiang New Town which is located on the new axis of Guangzhou, and enjoys favorable geographical advantages, with well-developed commercial and thriving cultural activities in the surrounding areas integrating natural landscape and arts of the new town center, which is the new icon of Guangzhou City. The White Horse Building is located in the Liuhua business and exhibition area of Guangzhou, adjacent to Guangzhou Railway Station with a diversity of wholesale markets specializing in apparels, shoes and leatherware in the surrounding areas. Fortune Plaza, City Development Plaza and Victory Plaza are located in the north end of the Guangzhou Tianhe CBD, which is located on the new axis of Guangzhou and being one of the top three CBDs in China approved by the State where prime grade-A office buildings are located, with highly concentrated metro line networks, convenient transportation, established and sound ancillary facilities. Shanghai Yue Xiu Tower is located at 388 Fushan Road, Pudong New District, Shanghai Municipality, PRC and only 2 kilometres away from the Little Lujiazui central district. Due to its convenient traffic conditions, Yue Xiu Tower can be reached by various rail transit lines in the vicinity and is adjacent to the intersection of metro lines 2, 4, 6 and 9. Wuhan Yuexiu Fortune Centre and Starry Victoria Shopping Center, located in Hankou Riverside Business District in Wuhan, the capital of Hubei Province, Central China, enjoy high transport accessibility as they are directly connected to Metro Line 1 and the planned Metro Line 10. Hangzhou Victory is located in Qianjiang New Town, Shangcheng District, Hangzhou, Zhejiang Province, PRC, enjoys high transport accessibility as the two metro stations, within a walking distance to Sanbao Station and Yudao Station, are adjacent to the intersection of two metro lines (line 6 and line 9) and one airport express line. Hong Kong Yue Xiu Building is adjacent to Wan Chai Station on the Island line of the Hong Kong MTR system, with established and sound ancillary facilities and a strong business atmosphere in the surrounding areas.

# PROPERTY PORTFOLIO

## LOCATIONS MAP OF PROPERTY



- WHITE HORSE BUILDING
- VICTORY PLAZA
- CITY DEVELOPMENT PLAZA
- FORTUNE PLAZA
- GUANGZHOU IFC
- YUEXIU FINANCIAL TOWER
- SHANGHAI YUE XIU TOWER
- WUHAN YUEXIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE
- HANGZHOU VICTORY BUSINESS CENTER
- HONGKONG YUE XIU BUILDING (17&23/F)

### 上海 SHANGHAI



### 武漢 WUHAN



### 杭州 HUANGZHOU



### 香港 HONGKONG



地鐵站點  
METRO STATION



地鐵交換站點  
METRO INTERCHANGE STATION



01  
白馬大廈  
WHITE HORSE BUILDING



02  
維多利廣場  
VICTORY PLAZA



03  
城建大廈  
CITY DEVELOPMENT PLAZA



04  
財富廣場  
FORTUNE PLAZA



05  
廣州國際金融中心  
GUANGZHOU INTERNATIONAL FINANCE CENTER



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

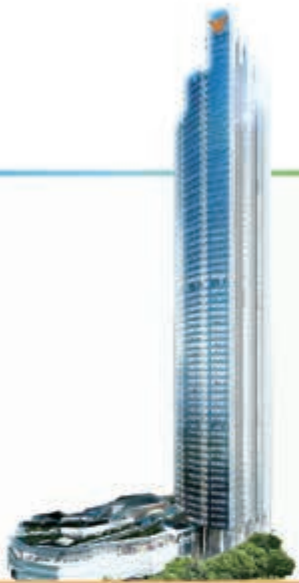
杭州維多利商務中心  
HANGZHOU VICTORY BUSINESS CENTER



10

香港越秀大廈(17樓及23樓)  
HONGKONG YUE XIU BUILDING (17&23/F)

# PROPERTY PORTFOLIO



WUHAN YUE XIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE



HONGKONG YUE XIU BUILDING



SHANGHAI YUE XIU TOWER



HANGZHOU VICTORY BUSINESS CENTER



YUEXIU FINANCIAL TOWER



GUANGZHOU INTERNATIONAL FINANCE CENTER



VICTORY PLAZA



CITY DEVELOPMENT PLAZA

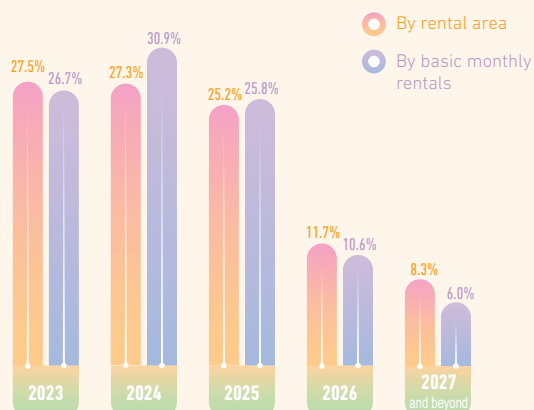
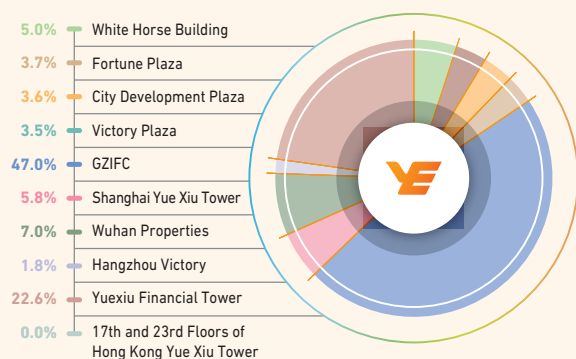
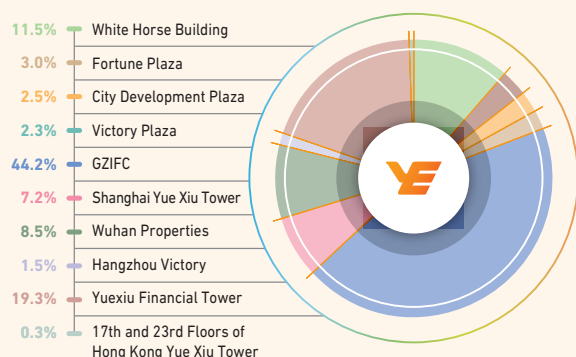
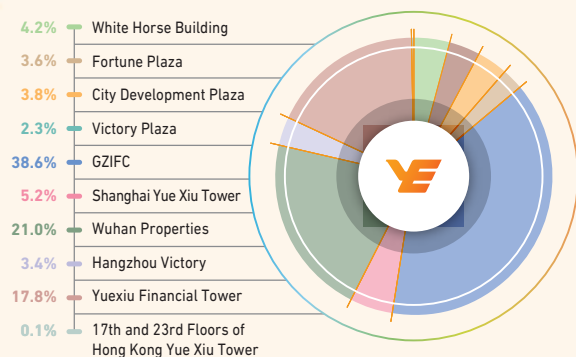


WHITE HORSE BUILDING



FORTUNE PLAZA





## AREA OF PROPERTIES

The property portfolio of Yuexiu REIT has an area of ownership of 1,184,156.5 sq.m. and a rental area of 803,984.1 sq.m. As at 31 December 2022, the overall occupancy rate of the property portfolio was 85.5%.

## PROPERTY VALUATION

According to the valuation report issued by Colliers International (Hong Kong) Limited, the property portfolio of Yuexiu REIT was valued at a total value of RMB42,359 million billion as at 31 December 2022.

## OPERATING INCOME GENERATED BY THE PROPERTIES

In 2022, Yuexiu REIT recorded a total annual operating income of RMB1,872.86 million.

## LEASE EXPIRY OF THE PROPERTIES

In terms of rental area in the next five years and beyond, the proportion of lease expiry of the Properties for each year will be 27.5%, 27.3%, 25.2%, 11.7% and 8.3% respectively. In terms of basic monthly rentals, the proportion of lease expiry for each year will be 26.7%, 30.9%, 25.8%, 10.6% and 6.0% respectively.

# PROPERTY PORTFOLIO





## GUANGZHOU TIANHE DISTRICT

# GUANGZHOU IFC



Guangzhou International Finance Center (GZIFC) is located in the central business district (CBD) of Zhujiang New Town, the most radiant and glamorous CBD in Guangzhou. It is a landmark of mixed-use premium grade commercial complex in Guangzhou.

The property is in an excellent location of the core CBD which is on the axis of Guangzhou, where the Metro Line 3 and Line 5 and the Automatic Passenger Mover System (APM) intersect. It is 45 minutes from Guangzhou Baiyun International Airport, 40 minutes from Guangzhou South Railway Station, 10 minutes from Guangzhou East Railway Station, 45 minutes from Nansha Expressway, and 15 minutes from Pazhou convention and exhibition business district, facilitating quick and easy business connection.

Having a total gross floor area of 457,000 sq.m., the property comprises a main tower with 103 floors above the ground and 4 floors underground, and a 28-storey annex building. It has 58 floors of Grade A offices, 6 floors of shopping mall, a carpark with 1,700 parking spaces, a five-star hotel with 344 guest rooms, and 314 units of luxury serviced apartments.

**GUANGZHOU IFC -A GLOBAL BUSINESS LEADER  
AND GUANGDONG-HONG KONG-MACAU  
GREATER BAY AREA URBAN LANDMARK  
COMPLEX**

## PROPERTY PORTFOLIO

GUANGZHOU  
TIANHE DISTRICT

# GUANGZHOU IFC - OFFICE



The main tower of the property is 432 meters tall, being one of the world's top ten skyscrapers. The property is designed by the renowned architectural firm, Wilkinson Eyre Architects, and its structural works are undertaken by Arup. The property won the "Highly Commended Mixed-use Project" Award of the International Property Awards at the Asia Pacific Presentation Ceremony in 2012, and the honour of "The Most Outstanding Architecture outside the European Union" awarded by the Lubetkin Prize granted by the Royal Institute of British Architects (RIBA) in a global competition. The property also won the Lu Ban Award in 2013, representing the highest honour in quality control and engineering level in the construction industry of China. In 2017, it was granted the LEED V4 standard platinum level certification for the operation stage. It obtained BOMA CHINA COE certifications in 2019 and BOMA 360 Performance Program certification in 2020, becoming the first REITs asset program that won both BOMA COE and BOMA 360 certifications in the Asia Pacific region. In 2021, it won the first batch of "Super Grade A Office Buildings" (超甲級寫字樓) in Guangzhou, "Best Practice Award for Operation Management · Urban Complex" (運營管理最佳實踐獎·城市綜合體), and "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). In 2022, it obtained BOMA CHINA COE renewal certifications.

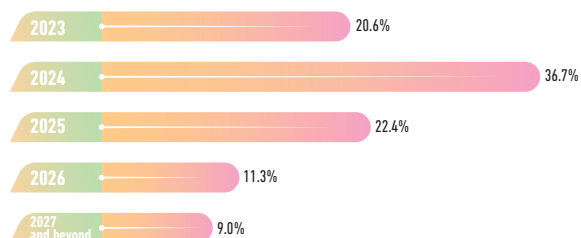
### (I) OFFICE BUILDINGS

The offices of Guangzhou IFC are on the 4th to 65th floors of the main tower. It has a gross floor area of 268,000 sq.m. and commenced operation in July 2011. As an iconic building and a landmark in southern China, Guangzhou IFC has attracted many multinational companies and renowned enterprises to lease its office space. Currently

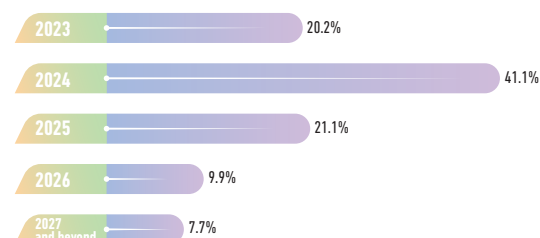


its tenants include renowned companies such as Bank of America, Société Générale, the British Consulate, Bank of China, China Construction Bank, Agricultural Bank of China, AON, Lucent Shanghai Bell, Mitsubishi Electric, FAW-Volkswagen, DassaultSystemes, Dow Chemical, GLP, BSH Home Appliances, China Export & Credit Insurance, AIA, JD Allianz, Bank of Taiwan, CMB Wing Lung Bank, Yuexiu Group, CCB Fintech, Youngy Group, H&H International, AllBright Law Firm, and Deacons.

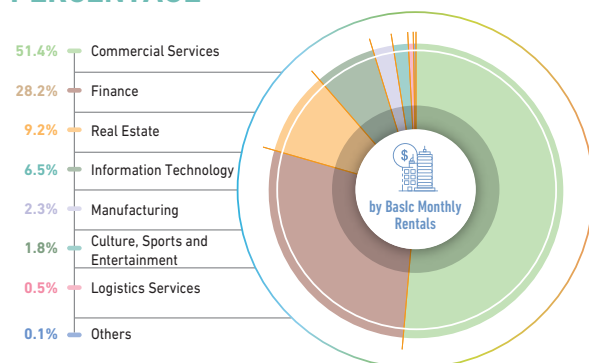
## BY RENTAL AREA



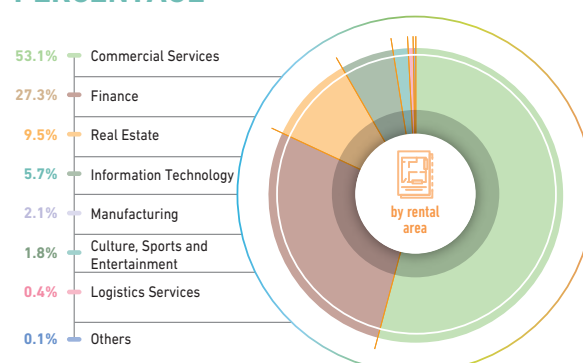
## BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Mixed	29.8%	24.3%
CCB Fintech	Finance	3.4%	4.0%
China Export Credit Insurance Corporation Guangdong Branch	Finance	3.2%	3.5%
AllBright Law Firm (Guangzhou)	Commercial Services	3.0%	3.5%
Youngy Group and its subsidiaries	Commercial Services	2.2%	2.1%
Health and Happiness (H&H) China Limited	Commercial Services	1.9%	2.0%
Guangzhou Dabenxiang Technology Co., Ltd.	Commercial Services	1.5%	1.9%
Allianz JingDong General Insurance Company Ltd.	Finance	1.3%	1.7%
AIA Life Insurance Co., Ltd. Guangdong Branch	Finance	1.2%	1.8%
British Consulate General in Guangzhou	Commercial Services	0.7%	1.2%
<b>Total</b>		<b>48.2%</b>	<b>46.0%</b>

## PROPERTY PORTFOLIO

### GUANGZHOU TIANHE DISTRICT

## GUANGZHOU IFC - SHOPPING MALL

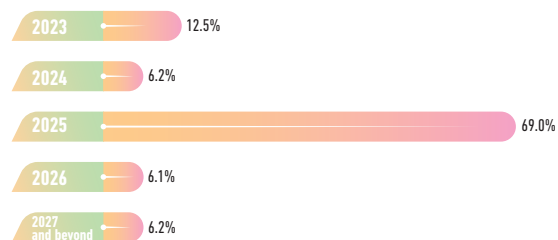


### (II) SHOPPING MALL

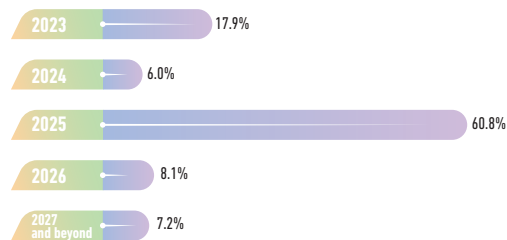
The shopping mall occupies a total of six floors of the podium. It has a gross floor area of 47,000 sq.m. and commenced operation in November 2010.

As of 31 December 2022, the occupancy of the shopping mall was 96.3%, and the unit rental price was RMB166.4 per sq.m. per month.

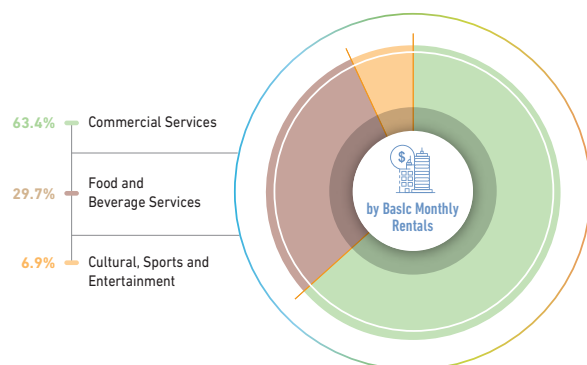
### BY RENTAL AREA



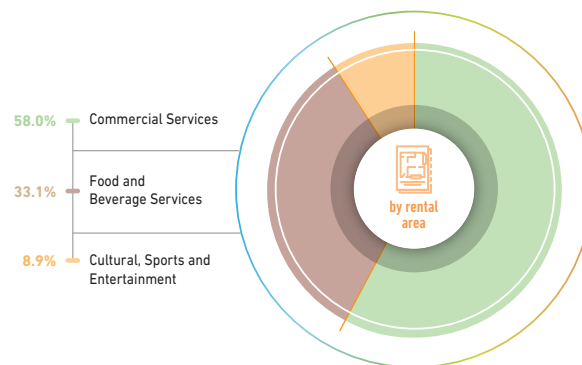
### BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Friendship Group Co., Ltd.	Commercial Services	39.5%	59.1%
Guangzhou Nio Sales and Service Co., Ltd.	Commercial Services	12.4%	3.0%
Yuexiu Group and its subsidiaries	Food and Beverage	7.1%	6.0%
Guangzhou Peninsula Investment Group Co., Ltd.	Food and Beverage	2.9%	3.0%
Beijing Blue Park Arcfox Automotive Technology Co., Ltd.	Commercial Services	2.8%	0.4%
Welcom Fitness Management Consulting (Guangzhou) Co., LTD	Cultural, Sports and Entertainment	2.6%	3.5%
Guangzhou Guojin Shishangletao Catering Management Limited	Food and Beverage	2.4%	4.3%
AVATR (Chongqing) Automobile Sales Service Co., Ltd.	Commercial Services	2.2%	0.4%
Youyue Restaurant of Zhujiang New Town, Tianhe District, Guangzhou	Food and Beverage	2.0%	2.3%
Guangzhou ChangLaiDaPaiDang Catering Co., Ltd.	Food and Beverage	1.8%	1.8%
<b>Total</b>		<b>75.7%</b>	<b>83.8%</b>

## PROPERTY PORTFOLIO

### GUANGZHOU TIANHE DISTRICT

## GUANGZHOU IFC - FOUR SEASONS HOTEL GUANGZHOU



### (III) FOUR SEASONS HOTEL GUANGZHOU

Four Seasons Hotel Guangzhou is entrusted to Four Seasons Group, the world-famous hotel brand management company, for operation and management. The hotel occupies the 68th to 100th floor of the main tower of Guangzhou International Finance Center, and the 1st to 5th floor (partial) of the podium, with a gross floor area of about 91,000 sq.m..

Four Seasons Hotel Guangzhou provides comprehensive service support, including conference and banquet facilities with a gross floor area of approximately 14,000 sq.m., CATCH (Asian seafood restaurant) on the 100th floor, Tian Bar on the 99th floor, Kumoi (Japanese restaurant) and Caffè Mondo (Italian buffet) on the 72nd floor, the Yu Yue Heen (one Michelin star Chinese restaurant) on the 71st floor, the Atrium on the 70th floor, Dolcetto Cafe on the first floor, and Hua Spa (a SPA clubhouse, a sky swimming pool and a fitness center) on the 69th floor. There is a grand tapering atrium rising from 70th through 100th floor. There is also a reception hall on the 1st floor of the hotel lobby to provide guests with convenient and efficient concierge services.

Four Seasons Hotel Guangzhou, which has been awarded “Forbes Hotel Guide Five-star Hotel” by Forbes Travel Guide for six consecutive years, adheres to its consistent objectives of making guests feel at home, creating an exclusive and prestigious experience for every honourable guest with the most attractive and quality services.

	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average room rate (RMB/night)
Four Seasons Hotel Guangzhou	August 2012	91,460.9	344	56.4%	1,688



GUANGZHOU  
TIANHE DISTRICT

## GUANGZHOU IFC - ASCOTT IFC GUANGZHOU

#### (IV) ASCOTT IFC GUANGZHOU

Luxury serviced apartments under the operation and management of Ascott are located on the 6th to 28th floor of the property's annex building, with a gross floor area of 51,000 sq.m..

Ascott IFC Guangzhou provides 314 sets of elegant stylish luxury apartments for global business travelers. From one bedroom to three bedrooms, each apartment has separate living room and dining area with a fully equipped kitchen as well as a high-quality home theater system, allowing travelers to enjoy pleasant and comfortable living for both long-stay residential and leisure purposes. The 24-hour security patrol and CCTV surveillance system can ensure a safe and well protected residence for travelers.

	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average room rate (RMB/night)
Ascott IFC Guangzhou	September 2012	51,102.3	314	87.1%	1,004

## PROPERTY PORTFOLIO





# GUANGZHOU TIANHE DISTRICT YUEXIU FINANCIAL TOWER



Yuexiu Financial Tower is located in the core area of Zhujiang New Town, the core CBD of Guangzhou. It is on the axis of Zhujiang New Town with GZIFC. The straight-line distance between the two buildings is only 700 meters, both of which are among the top ten skyscrapers in Guangzhou. With convenient transportation, it is within walking distance of Zhujiang New Town Station (the transfer station of Metro Line 3 and Line 5), and 200 meters from Xiancun Station, the transfer station of Metro Line 13 and Line 18. Metro Line 18 was newly opened on 28 September 2021 and the second phase of Line 13 is currently under construction (expected to open in 2022). Metro Line 18 will become a key vertical line connecting Guangzhou Tianhe District with Panyu District and Nansha District from north to south, while Metro Line 13 will become a key horizontal line running through the Guangzhou Metro network from east to west in Guangzhou City. In addition to the subway line, the property is also adjacent to the passenger automatic transportation system (APM) connecting other areas of Tianhe District with Haizhu District. 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 recognized 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). In 2022, it was successfully selected as "The First Batch of Zero-carbon Digital Buildings in Guangzhou" (廣州市首批零碳數智樓宇), and won "Demonstration (Pilot) Unit of Building Digitalized Emergency Rescue" (樓宇數智化應急救援示範 (試點) 單位), "Champion Award for Annual Real Estate Finance Innovation Achievement" (年度地產金融創新成就冠軍獎) and "2022 Performance Award for Commercial Property Operation" (2022年度商辦資產運營表現獎).

**YUEXIU FINANCIAL TOWER - A LANDMARK  
PROPERTY IN ZHUJIANG NEW TOWN CORE CBD**

## PROPERTY PORTFOLIO

GUANGZHOU  
TIANHE DISTRICT

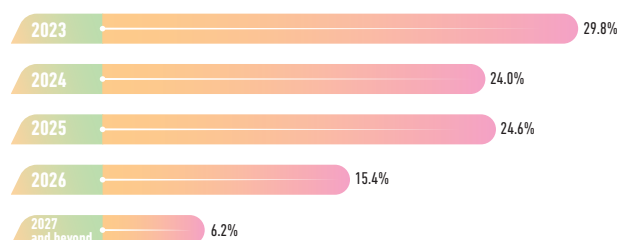
# YUEXIU FINANCIAL TOWER



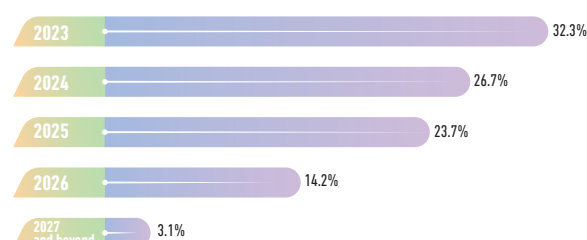
The property was completed in August 2015, with a building height of approximately 309 meters and 68 floors (including a 4-storey retail component and a 64-storey office component), with a total gross floor area of 210,282.9 sq.m.. A number of well-known companies have settled in, including Allianz Insurance Group, China Resources, Lenovo, Volkswagen, China Everbright Group, Ping An, COFCO, Mead Johnson, Deloitte, WeWork, Dongfeng Motor, Ansteel Group, GP Corp, ZTE, China Aerospace, Hyundai Korea, Baxter Medical, etc..



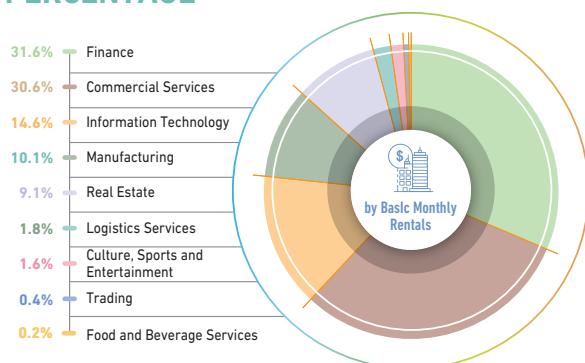
## BY RENTAL AREA



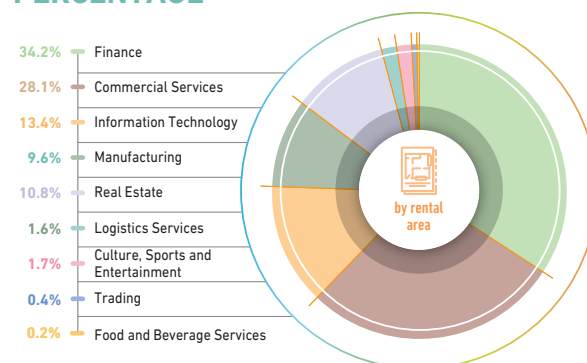
## BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Real Estate	22.2%	19.7%
WeWork Business Information Consulting (Guangzhou) Co., Ltd.	Commercial Services	5.9%	5.7%
MeadJohnson Nutrition (China) Co., Ltd.	Manufacturing	3.4%	4.4%
Guangzhou Wanglaoji Health Industry Co., Ltd.	Manufacturing	3.4%	3.9%
E Fund Management Co., Ltd.	Finance	3.3%	4.1%
Guangzhou Intelligence Communication Technology CO., Ltd.	Information Technology	3.3%	4.3%
Kaiyue Hotel Consulting Service (Guangzhou) Co., Ltd.	Commercial Services	2.6%	3.5%
Everbright Group	Finance	2.6%	2.2%
Deloitte & Touche LLP and its affiliates	Commercial Services	2.0%	3.9%
Zhongxing Telecommunication Equipment Corporation	Information Technology	1.9%	2.6%
<b>Total</b>		<b>50.6%</b>	<b>54.3%</b>

## PROPERTY PORTFOLIO



GUANGZHOU  
YUEXIU DISTRICT

# WHITE HORSE BUILDING



Located in the heart of Liuhua business and exhibition area, a famous fashion center in China, which is close to the Guangzhou Railway Station, Guangdong Bus Station and Guangzhou Bus Station, located at the intersection of the Metro Line 2 and Line 5, enjoying greatly convenient traffic, the White Horse Building formally commenced operation on 8 January 1993. It has an operating area of 60,000 sq.m., comprising 4 storeys of shopping mall, 5 storeys of offices and one storey of underground carpark.

More than 1,000 fashion manufacturers from various regions across the country congregate in the Guangzhou White Horse Apparel Market. The Market is mainly engaged in medium-to-high end fashionable men's and women's branded apparel and adheres to the competitive advantages featuring "Original Brands, High Quality Products, Primary Source of Goods and Manufacturers' Direct Sales". 80% of the tenants in the Market operate their own factories and are capable of independent product R&D and manufacturing. Their products are widely popular worldwide, covering over 30 provinces, municipalities and autonomous regions in the PRC, as well as over 70 countries and regions such as the United States, Russia, the Middle East, Southeast Asia and Western Europe. The Market has an average daily traffic flow of 40,000 customers with an annual trading amount of over RMB10 billion.

**WHITE HORSE BUILDING –  
TOP 10 CHINA APPAREL WHOLESALE MARKET  
AND MEDIUM-TO-HIGH END ORIGINAL APPAREL  
PROCUREMENT CENTRE**

## PROPERTY PORTFOLIO

GUANGZHOU  
YUEXIU DISTRICT

# WHITE HORSE BUILDING



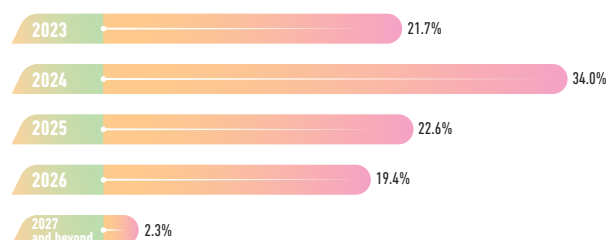
Guangzhou White Horse Apparel Market made timely use of Internet resources to provide free WiFi services across the Market. The WeChat of Guangzhou White Horse Apparel Market (WeChat ID: BAIMA\_MARKET) has been created to concurrently provide purchasers with the latest fashion information and recommendation of superior brands and sources of goods, which creates limitless business opportunities through mobile phones. Meanwhile, the Market provides more comprehensive information services for merchants by actively exploring the new media image-text short video marketing model.

After years of cultivation and development, the Guangzhou White Horse Apparel Market has become a bellwether in the wholesale industry of garments in the country, and has won various recognition and awards, such as the Top 10 Professional Markets of Fashion in China, CNTAC Product Development and Promotion Award, the First Incubation Bases for Fashion Brands in China, National Civilized Market, Guangdong Civilized Market, Guangdong Fashion Apparel International Purchase Centre, Guangdong Famous Brand, Leading Enterprise in Guangdong Modern Wholesale Market, China E-Commerce Modelling Enterprise, 2013-2014 Top 100 E-Commerce Enterprises in Guangdong, 2018 Silk Road Textile Industry Influence Innovation Market, the Most Influential Brand Market in China over the Past 40 Years of Reform and Opening-Up, Chinese Apparel

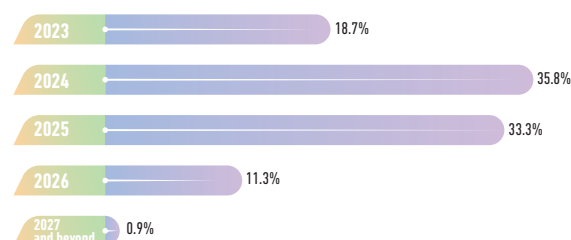
Brand Incubation Base Service Model, 2019 Guangdong Apparel Industry Benchmarking Professional Market and Special Innovation Award of Fashion Trendy of 2020 China Textile and Apparel Dealers Award (2020年中國紡織服裝流通大獎時尚引領特別創新獎).



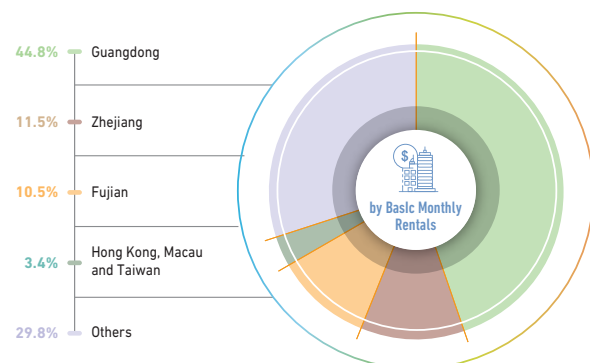
## BY RENTAL AREA



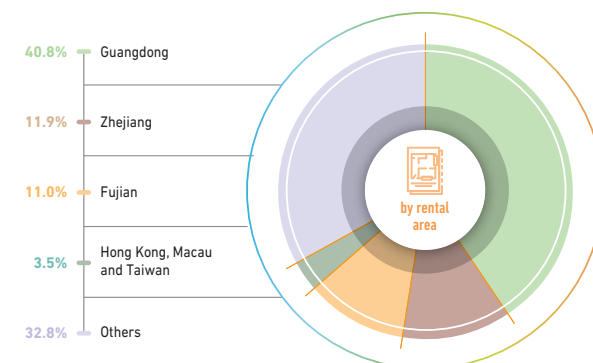
## BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Fu Xiaohong	Commercial services	1.3%	1.0%
Li Tie	Commercial services	1.0%	0.8%
Wu Quanfu	Commercial services	0.8%	0.7%
Huang Zhiqiang	Commercial services	0.8%	0.6%
Wu Wei	Commercial services	0.8%	0.5%
Shuang Xiumei	Commercial services	0.8%	0.6%
Leung Tao	Commercial services	0.8%	0.6%
Gong Xingyun	Commercial services	0.8%	0.7%
Chen Yufang	Commercial services	0.7%	0.5%
Guo Qingrang	Commercial services	0.7%	0.5%
<b>Total</b>		<b>8.5%</b>	<b>6.5%</b>

## PROPERTY PORTFOLIO







# GUANGZHOU TIANHE DISTRICT FORTUNE PLAZA



Located on Ti Yu Dong Road which is known as the "Guangzhou Wall Street", and also at the heart of the Tianhe CBD, Fortune Plaza is easily accessible and adjacent to two important business districts, being Zhujiang New Town in the south and Tianhe North in the north, benefiting greatly from its geographical advantages with many restaurants, recreational and living ancillary facilities in its adjacent areas. The property is erected above the Tianhe Sports Center Station, which is the interchange of metro lines No. 1 and 3 with various public transport stations. This project has a total gross floor area of over 80,000 sq.m., comprising a 2-storey underground carpark, a 6-storey commercial podium, a single-storey hanging garden clubhouse and 2 grade-A office towers with 26 storeys and 36 storeys respectively, which are among the few intelligent 5A Grade-A office buildings purely for office use in the Tianhe CBD business circle in Guangzhou. Inside the building, there are banks, a business center, a large conference center, convenience stores and a grand clubhouse, which provide all-round and convenient ancillary business services for business people in the building.

**FORTUNE PLAZA -  
PREMIUM GRADE-A COMMERCIAL BUILDING  
AND MODEL OF NATIONAL PROPERTY  
MANAGEMENT**

## PROPERTY PORTFOLIO

GUANGZHOU  
TIANHE DISTRICT

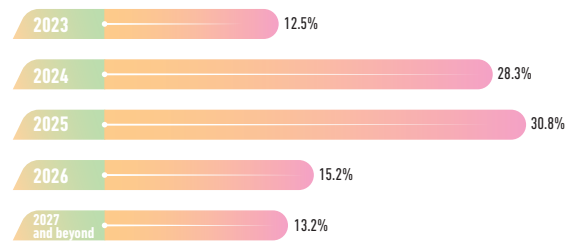
# FORTUNE PLAZA



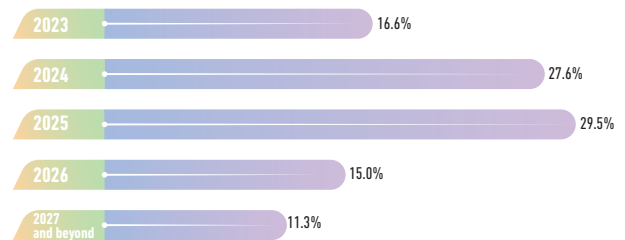
As an iconic building and landmark in the Tianhe CBD of Guangzhou, Fortune Plaza is the top choice for renowned companies. The property has been recognized as the “Model of National Property Management” and Building Sustainability Authentication Flag (樓宇可持續發展指數驗證標誌) and is well received by customers in the industry. The existing tenants of Fortune Plaza include many famous enterprises, such as Chevron, Citibank, AEON Group, CITS American Express, COSCO Shipping, Hanwha Chemical, Swatch Group, Ping An Bank, Baleno, Master Meditech, Guangfa Bank, Yaeher Healthcare, and Dongguan Securities.



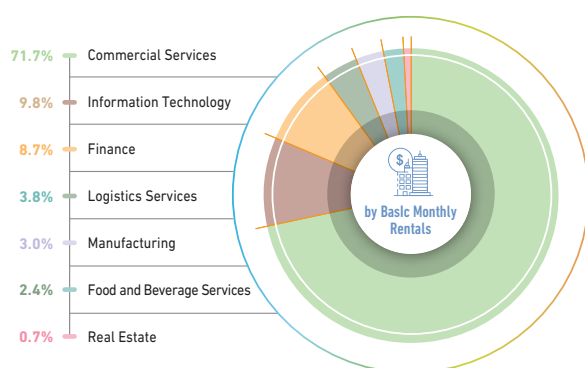
### BY RENTAL AREA



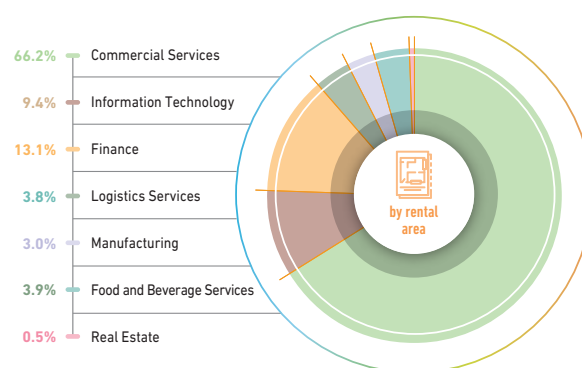
### BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Friendship Baleno Company Limited	Commercial Services	10.7%	10.9%
Guangdong AEON Teem CO., Ltd.	Commercial Services	8.5%	10.9%
Guangzhou Qimeng Space Technology Co., Ltd.	Commercial Services	4.5%	5.1%
Guangdong Development Banking Co., Ltd. Guangzhou Branch	Finance	3.6%	1.7%
Guangzhou Shenshenfu Catering Management Co., Ltd.	Food and Beverage	3.4%	0.6%
Cyril Human Resources	Commercial Services	2.9%	3.3%
Ping An Bank Co., Ltd. Guangzhou Branch	Finance	2.8%	2.0%
廣州市城建開發集團名特網絡發展有限公司	Information Technology	2.7%	2.5%
SMH Watch Service Center Co., Ltd.	Commercial Services	2.7%	2.5%
COSCO Shipping Logistics (Guangzhou) Co., Ltd.	Logistics Services	2.6%	2.5%
<b>Total</b>		<b>44.4%</b>	<b>42.0%</b>

# PROPERTY PORTFOLIO



**GUANGZHOU  
TIANHE DISTRICT**

# **CITY DEVELOPMENT PLAZA**



Located at the junction of Tianhe North Road and Tiyu West Road, City Development Plaza is facing Tianhe Sports Center and is adjacent to landmark buildings such as CITIC Tower and Victory Plaza. With bus stops within easy reach, it is just a 5-minute walk from Linhexi Station of the Metro Line 3 and Automatic Passenger Mover System and has many restaurants and ancillary facilities in its adjacent areas. City Development Plaza has a total gross floor area of over 70,000 sq.m., comprising a 2-storey underground car park, a 4-storey commercial podium and a 28-storey high-end office building. With a uniquely large green area square of 5,000 sq.m., it provides a super large area for holding events by its business and office customers, and is a commercial complex integrating office, finance, business and food and beverage functions. In 2018, it was awarded the Building Sustainability Authentication Flag (樓宇可持續發展指數驗證標誌).

**CITY DEVELOPMENT PLAZA -  
PREMIUM GRADE-A COMMERCIAL BUILDING  
AND MODEL OF NATIONAL PROPERTY  
MANAGEMENT**

## PROPERTY PORTFOLIO

### GUANGZHOU TIANHE DISTRICT

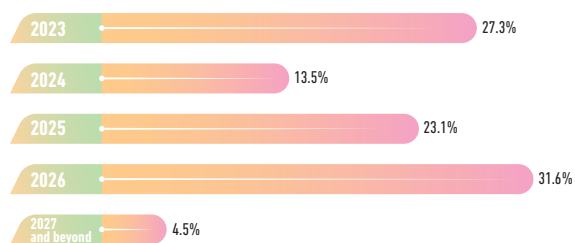
## CITY DEVELOPMENT PLAZA



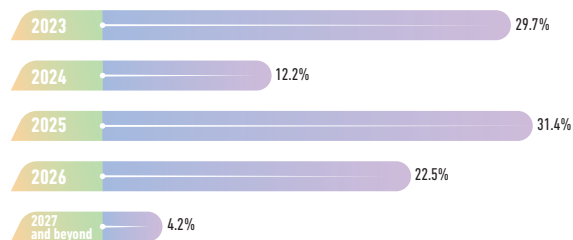
Existing tenants of City Development Plaza include many famous enterprises, such as Efund, SPD Bank, Guangfa Bank, General Mills, Wangsu Science & Technology, Spectris, Labcorp, WUYIGE Certified Public Accountants, Zhenglin Engineering (正林工程), Tian Qin Technology (天勤科技), and visa centres for several countries such as the U.K. and Canada were set up in its podium.



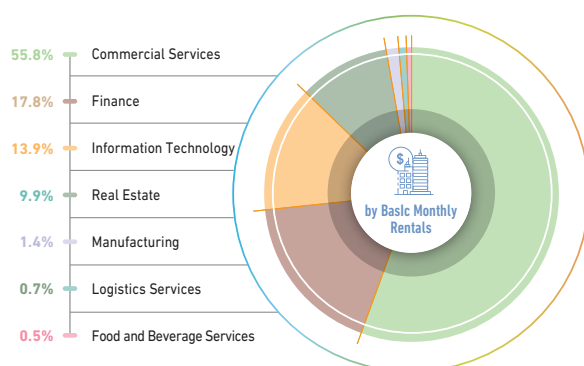
### BY RENTAL AREA



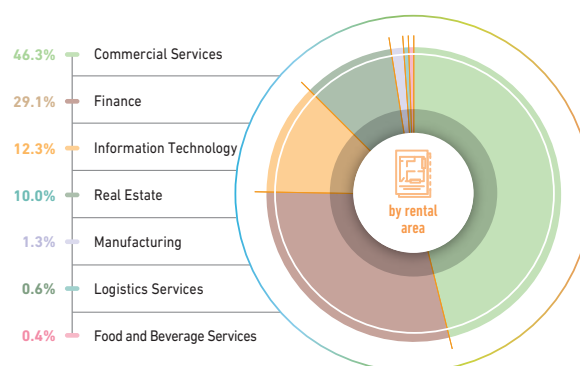
### BY BASIC MONTHLY RENTALS



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## AREA COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Wisevalley Development Co., Ltd.	Commercial Services	13.1%	20.9%
Shanghai Pudong Development Bank, Guangzhou Branch	Finance	12.6%	4.0%
Efund Management Co., Ltd.	Finance	10.1%	9.8%
Guangzhou Yuexiu Xingye Property Agent Ltd.	Real Estate	7.4%	7.4%
Overseas Group	Commercial Services	6.6%	7.4%
Guangdong Development Banking Co., Ltd. Guangzhou Branch	Finance	4.3%	1.9%
廣州悅秀智訊科技信息諮詢有限公司	Information Technology	3.5%	3.4%
Trueland Information Technology (Guangzhou) Co., Ltd.	Information Technology	3.2%	4.0%
General Mills Trading (Shanghai) Co., Ltd.	Commercial Services	2.7%	2.5%
Wangsu Science & Technology Co., Ltd. Guangzhou Branch	Information Technology	2.2%	2.2%
<b>Total</b>		<b>65.7 %</b>	<b>63.5%</b>

# PROPERTY PORTFOLIO







## GUANGZHOU TIANHE DISTRICT VICTORY PLAZA



Located at the junction of Tianhe Road and Tiyu West Road and the interchange of Metro Line 1 and Line 3, Victory Plaza is at the core of the most prosperous area of Tianhe CBD and enjoys a strong and well-developed business environment. With a magnificent diamond shape and contemporary look, it is no doubt the business landmark of Tianhe CBD. With a total gross floor area of approximately 140,000 sq.m., it comprises a 4-storey underground car park, a 6-storey shopping mall, a single-storey hanging garden clubhouse and two grade A office buildings with 52 storeys and 36 storeys respectively.

Its shopping mall is positioned as an “Youth New Home” and was renamed as “VT101” on 28 September 2014. It features fashionable, young, LOHAS and trendy lifestyle. Its shopping mall focuses on young people, students, white collars and young families as the target customers to build a cluster of flagship stores in the business circle of Tianhe road through the introduction of the first store brand of Guangzhou and personalized flagship stores with homogenous branding.

It has introduced tenants including Uniqlo’s largest and latest flagship store in southern China, Guangzhou McDonald’s first future canteen flagship store, GU’s first flagship store in southern China, St. Honore, HEYTEA, Tai Er, YE&CO, Lao Xiang Cun, Xiao Li Yuan (小荔園), COLINMINT, and Cheng Sushi. It has integrated fast fashion, global trend, culture and creativity, and art space.

**VICTORY PLAZA –  
AN EXPERIENCE SHOPPING MALL  
AND FASHION TREND “HOLY LAND”**

## PROPERTY PORTFOLIO

### GUANGZHOU TIANHE DISTRICT

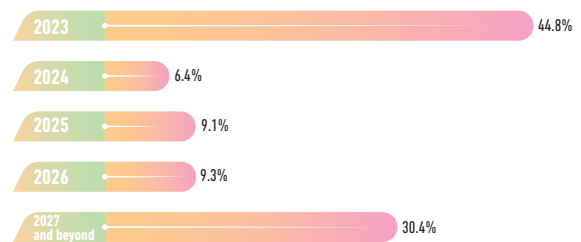
## VICTORY PLAZA



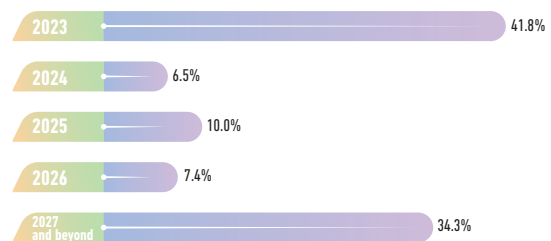
In 2019, Victory Plaza won many prestigious awards including the "Best Popularity Award", the "Star of the Originality Services", the "Good City Love Unit" by Guangzhou Charity Association. In 2020, Victory Plaza was awarded the "2nd China Commercial Property Planning Festival i.e. 3rd Golden Light Awards Ceremony" (第二屆中國商業地產企劃節暨第三屆金燈獎頒獎盛典), and awarded "Golden Light Award – Excellent Scene Award" (金燈獎-卓越場景獎) for three successive years which represents the influence of decoration in China. In 2021, it won the titles of "Popular Commercial Complex of the Year" (年度最受歡迎商業綜合體), "Top Ten Most Popular Check-in Points in Guangzhou" (廣州十大最受歡迎打卡點) and "Member of YOUNG City YEAH City Night Consumption Alliance" (YOUNG城YEAN市夜間消費聯盟成員).



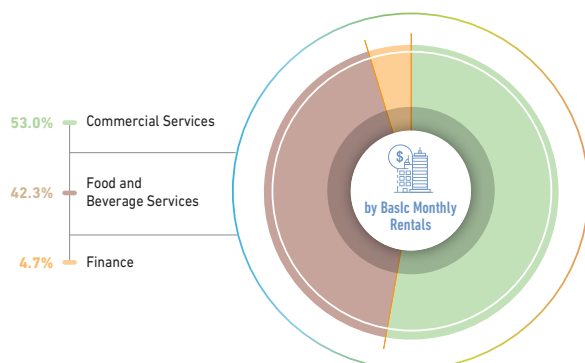
### BY RENTAL AREA



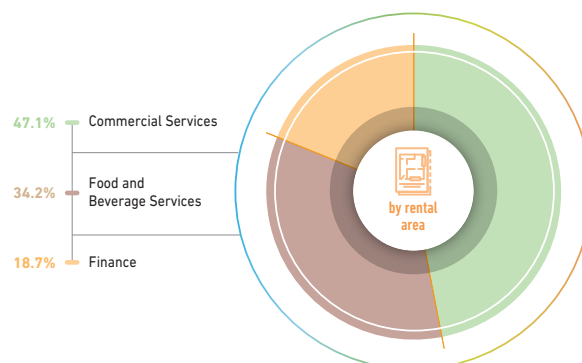
### BY BASIC MONTHLY RENTALS



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



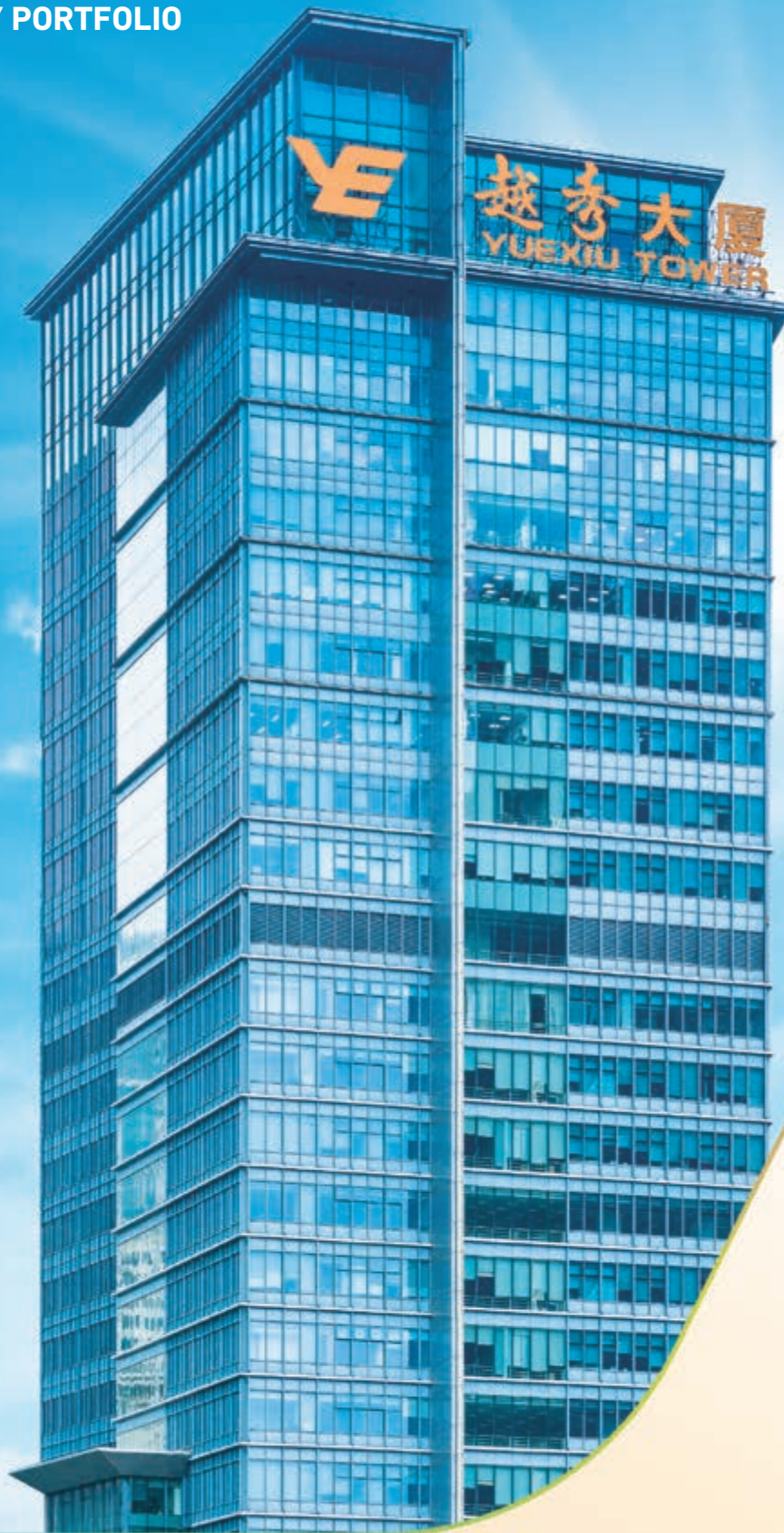
## AREA COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Fast Retailing (China) Trading Co., Ltd. Victory Plaza Shop	Commercial Services	30.4%	40.7%
China Merchants Bank Co., Ltd. Guangzhou Branch	Finance	10.3%	3.0%
GU Shanghai Trading Co., Ltd. Guangzhou Ti Yu West Road Shop	Commercial Services	9.5%	5.6%
Industrial and Commercial Bank of China Limited, Guangzhou Dezheng Zhong Road Sub-branch	Finance	8.4%	1.6%
J.M. Developments (Limited Partnership) Guangdong Sanyuan McDonald's Food Company Limited	Food & Beverage Services	5.6%	10.2%
Tianhe South Tang Huang Victory Restaurant in Tianhe District, Guangzhou	Food & Beverage Services	5.1%	5.0%
Guangdong Starbucks Coffee Co., Ltd.	Food & Beverage Services	2.8%	4.2%
Guangzhou Xiao Li Yuan Catering Co., Ltd.	Food & Beverage Services	2.7%	1.5%
Guangzhou Libao Food & Beverage Catering Management Co., Ltd.	Food & Beverage Services	2.6%	3.5%
		2.6%	2.9%
<b>Total</b>		<b>80.0%</b>	<b>78.2%</b>

## PROPERTY PORTFOLIO



## SHANGHAI PUDONG NEW DISTRICT

# YUE XIU TOWER

Shanghai Yue Xiu Tower, located in Zhuyuan commercial district, Pudong, Shanghai, is only 2 kilometers from the centre of small Lujiazui Finance and Trade Zone. The property, being completed in September 2010, consists of a 25-storey Grade A office building attached with a 2-storey basement, as well as its retail space and car park, with a total gross floor area of 62,139.4 sq.m. and a rental gross floor area of 59,528.9 sq.m. (of which the area of the office building and retail space is 46,026.3 sq.m.). Yue Xiu Tower is situated at the transfer point of Metro Line 2, Line 4, Line 6 and Line 9 and surrounded by many retail and auxiliary facilities, such as banks, convenience stores and restaurants.

Existing tenants of Yue Xiu Tower are a number of renowned enterprises, including COFCO Futures, China Credit Trust, Nabtesco, Huatai Securities, Hongta Securities, Nanjing Securities, Access World and Sulzer Pumps Equipment.

**SHANGHAI YUE XIU TOWER –  
CONCENTRATED LOCATION FOR HIGH-GROWTH  
FINANCIAL ENTERPRISES,  
PREMIUM PROPERTY IN THE CORE AREA OF  
ZHUYUAN CBD IN PUDONG, SHANGHAI**

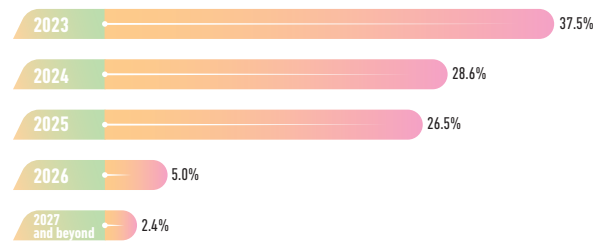
## PROPERTY PORTFOLIO

SHANGHAI  
PUDONG NEW DISTRICT

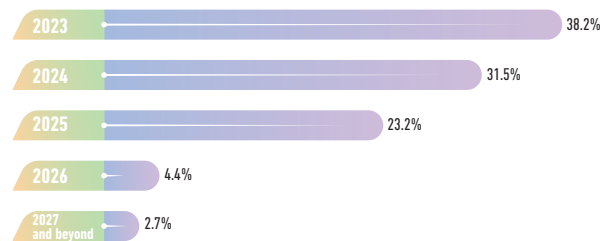
### YUE XIU TOWER



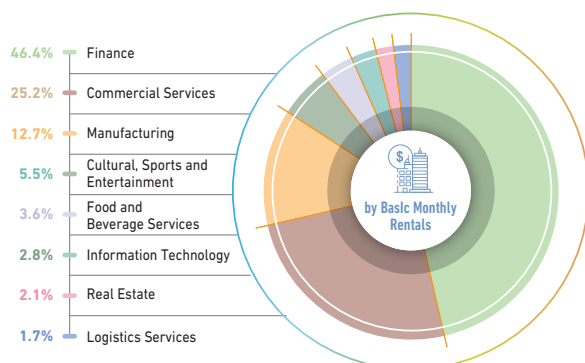
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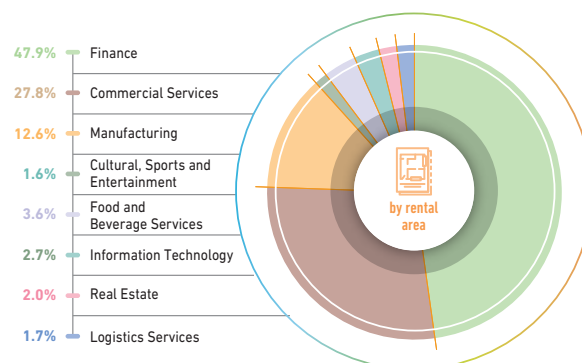
#### BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Finance	16.9%	14.6%
Xingong (Shanghai) Information Technology Services Limited	Commercial Services	6.3%	6.7%
Hongta Securities Co., Ltd.	Finance	5.2%	5.1%
Shanghai Zhengjia Clinical of TCM	Commercial Services	4.9%	3.0%
Shanghai Nabtesco Business Management Co., Ltd.	Manufacturing	3.0%	3.2%
Shanghai Shengbin Medical Consulting Service Co.,Ltd.	Commercial Services	2.7%	2.2%
China Credit Trust Co., Ltd.	Finance	2.4%	2.3%
Huatai Securities Co., Ltd.	Finance	2.1%	1.8%
Sulzer Pumps Wastewater Shanghai Co., Ltd.	Manufacturing	1.9%	1.9%
Access World (Shanghai) Logistics Co., Ltd.	Logistics Services	1.7%	1.7%
<b>Total</b>		<b>47.1%</b>	<b>42.5%</b>

# PROPERTY PORTFOLIO





## WUHAN QIAOKOU DISTRICT

# WUHAN PROPERTIES



Yuexiu Fortune Centre, located in Hankou Riverside Business District which is an emerging business district in Wuhan, is currently the tallest International Grade A office building completed in Wuhan. As the only International Grade A office building in Hankou and in the riverside area of Hankou, Yuexiu Fortune Centre owns excellent riverside views in three directions. The property is located within the second ring of Wuhan. Public transportation is convenient and people can easily access three towns in Wuhan. It is connected to Hanyang by Yuehu Bridge on the south side. Two metro lines meet at Qiaokou Road station (Metro Line 1 is in operation and Metro Line 10 is under planning). Hanjiang Avenue Expressway, next to the Yuexiu Fortune Centre, is directly connected to the Wuhan Tianhe International Airport. The property won the “2021 Asia Real Estate Annual Office Development Gold Award” (2021亞洲不動產年度寫字樓開發項目金獎) in 2021.

### **(I) YUEXIU FORTUNE CENTRE – WORLD COMMERCE PORTAL AND A RIVERSIDE BUSINESS LANDMARK COMPLEX IN QIAOKOU, WUHAN**

## PROPERTY PORTFOLIO

WUHAN  
QIAOKOU DISTRICT

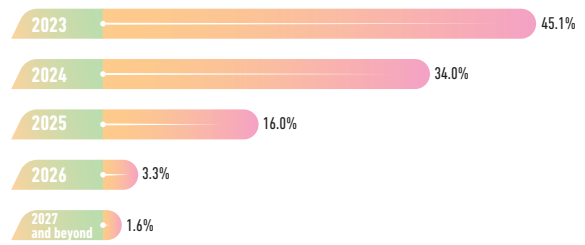
# WUHAN PROPERTIES - YUEXIU FORTUNE CENTRE



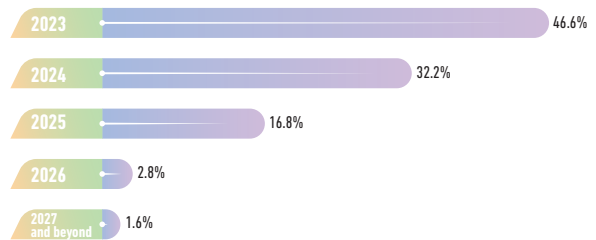
Yuexiu Fortune Centre was completed in August 2016, with a height of 330 metres and a total gross floor area of 129,446.7 sq.m., comprising a 68-storey office building. The main tenants of Yuexiu Fortune Centre are premium domestic and foreign companies, including Fortune 500 companies, such as SAP, Gezhouba Group, Kaili Air Conditioning, Hitachi, China Resources Snow Breweries, Ping An Pu Hui, China Textile, Media, Taikang Life Insurance and so on. It has also attracted a number of renowned enterprises, including PSA, McQuay, AVIVA-COFCO, Sumitomo Group, Prolog, C&D Realty, Kingdee Software, New Hope Real Estate, Shenzhen Investment Holding and DHH Law Firm.



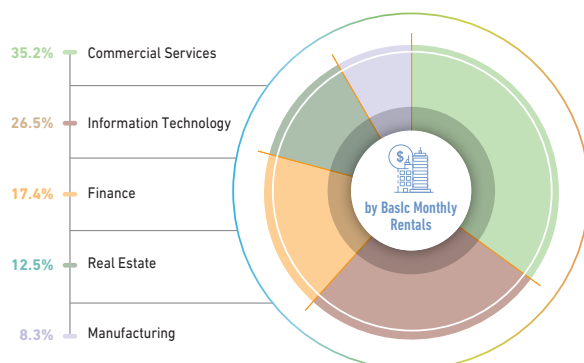
### BY RENTAL AREA



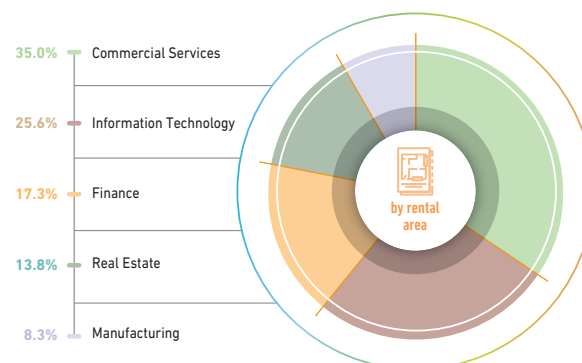
### BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Real estate	14.9%	10.5%
Guangdong Guangxin Communication Service Co., Ltd.	Information Technology	12.0%	12.7%
GEZHOUBA GROUP	Real estate	4.5%	4.2%
New China Life Insurance Co., Ltd. Wuhan Central Branch	Finance	4.0%	4.0%
Wuhan Prolog Integrated Technology Co., Ltd.	Information Technology	3.9%	3.4%
Aviva-COFCO Life Insurance Co., Ltd. Hubei Branch	Finance	3.8%	3.7%
BEIJING DHH (WUHAN) LAW FIRM	Commercial Services	3.0%	3.2%
Country Garden Life Services Group Co., Ltd.	Real estate	2.2%	2.3%
Stellantis (Wuhan) Management Co., Ltd.	Manufacturing	2.0%	2.3%
Hubei Sifei Construction Engineering Co., Ltd.	Manufacturing	1.8%	1.6%
<b>Total</b>		<b>52.1%</b>	<b>47.9%</b>

## PROPERTY PORTFOLIO

### WUHAN QIAOKOU DISTRICT

## WUHAN STARRY - VICTORIA SHOPPING CENTRE

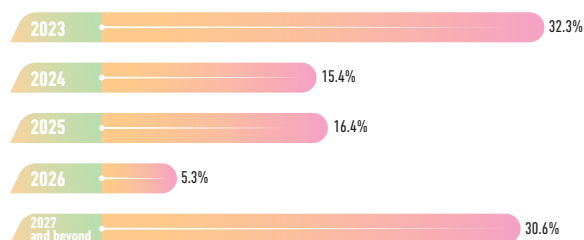


### (II) WUHAN STARRY VICTORIA SHOPPING CENTRE

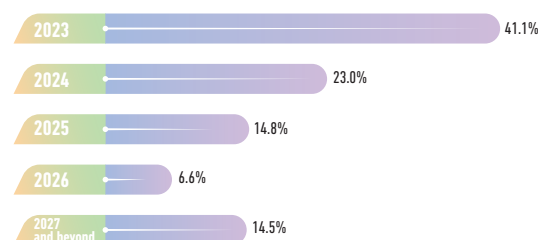
Starry Victoria Shopping Centre is the first Hong Kong lifestyle oriented neighborhood shopping centre in Wuhan. Office staffs and family-oriented consumers are its target consumer groups. It is also the first shopping center built with a covered walkway to the metro. The 5-storey shopping arcade (inclusive of a 1-storey basement) has a gross floor area of 45,471.4 sq.m. with 1,134 commercial carpark spaces and 375 residential carpark spaces.

Starry Victoria Shopping Centre provides supplementary services to office and residence services, F&B and life experience stores. Existing tenants of Starry Victoria are a number of renowned enterprises, including KFC, Tao Heung, KenGee, Starbucks, Zhongbai Life Theatre, Hotwind, Huawei, Xiaomi, Apple Digital, Be True Shine, Han Gong Yan, Shuyi Herbal Jelly, BYD, WELTMEISTER, Bestore, Luckin Coffee, Xibeimowang, Cai Lin Ji, Xiang Shi, HOdo Home.

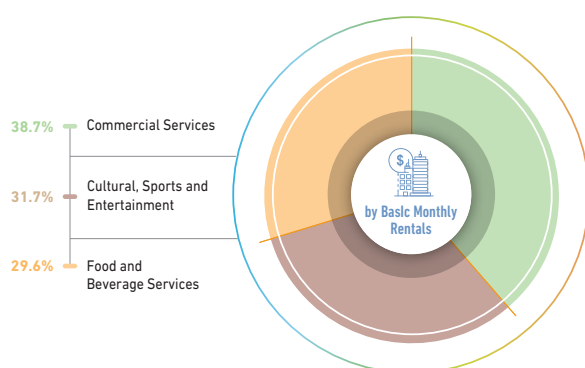
### BY RENTAL AREA



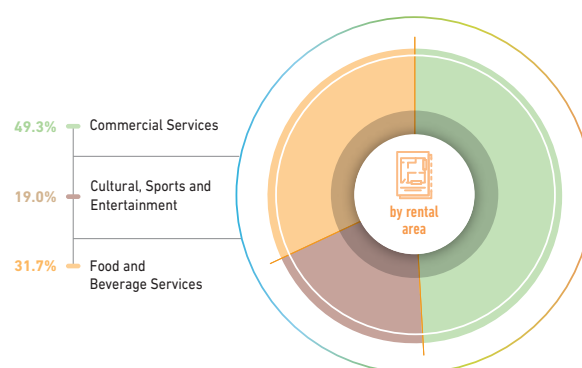
### BY BASIC MONTHLY RENTALS



## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Wuhan KINGZONE Fitness Management Co., Ltd.	Culture, Sports and Entertainment	5.9%	9.4%
Zhongbai Warehouse Supermarket Co., Ltd.	Commercial Services	5.9%	6.3%
Wuhan Insun Starry Victoria Cinema Co., Ltd.	Culture, Sports and Entertainment	4.4%	12.7%
Wuhan Shengshi Dynasty Automobile Sales Co., Ltd.	Commercial Services	3.8%	1.2%
Wuhan Today Dream Trading Co., Ltd.	Commercial Services	3.3%	0.9%
Wuhan Hengxiuhui Catering Management Co., Ltd.	Food and Beverage Services	2.2%	1.9%
Wuhan Dayu Tea Co., Ltd.	Food and Beverage Services	2.0%	0.7%
Wuhan Tai Gai Food & Beverage Management Co., Ltd.	Food and Beverage Services	1.9%	1.0%
Wuhan Food Storm Catering Management Co., Ltd.	Food and Beverage Services	1.8%	3.3%
Wuhan Xingyi EntertainmentCo., Ltd.	Culture, Sports and Entertainment	1.7%	3.6%
<b>Total</b>		<b>32.9%</b>	<b>41.0%</b>

# PROPERTY PORTFOLIO



## HANGZHOU SHANGCHENG DISTRICT

# VICTORY BUSINESS CENTER



Hangzhou Victory Business Center is located in Qianjiang New Town, Shangcheng District, Hangzhou, Zhejiang Province, within only 10-minute walking distance from the junction (Sanbao Station and Yudao Station,) at which two metro lines (line 6 and line 9) and one airport express line intersect, and enjoys greater accessibility to the Xiaoshan International Airport, Asian Games Village and other main metro stations. The project was completed in January 2017, with a total gross floor area of more than 70,000 sq.m., including two 18-storey Grade A offices, four blocks of detached villa-style office buildings and 2-storey underground car park spaces. The property was awarded "Guangsha Award" (廣廈獎) in 2021.

Hangzhou Victory Business Center Tower Block 2 has attracted a number of renowned enterprises, including Powerchina, CRCC, Bank of China, Hangzhou Customs, Sijiqing Street Qianyun Community, Shanxi Road & Bridge, CCCC Water Resources and Hydropower, Yiqiwan Technology, Caitong Securities and Yuexiu Property.

**HANGZHOU VICTORY –  
A NEW OFFICE ENVIRONMENT WITH 270-DEGREE  
CIRCULAR-SCREEN DIAMOND OFFICE BUILDINGS**

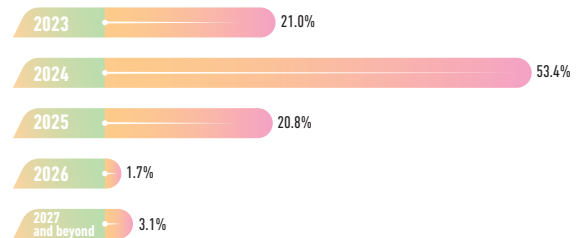
## PROPERTY PORTFOLIO

HANGZHOU  
SHANGCHENG DISTRICT

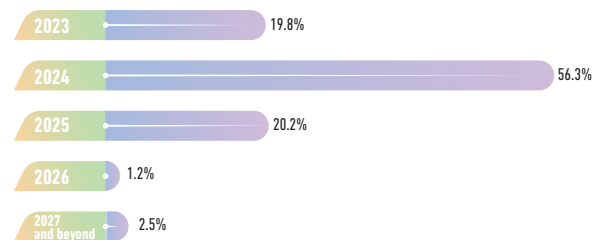
## VICTORY BUSINESS CENTER



### BY RENTAL AREA

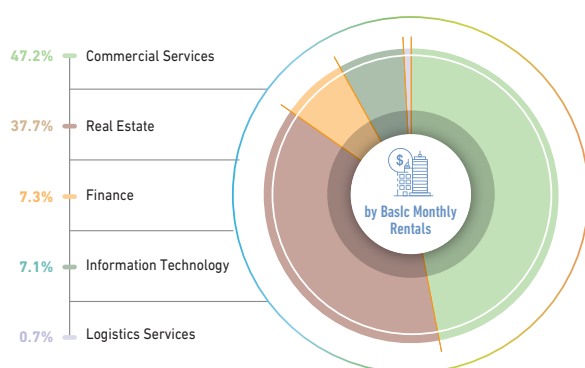


### BY BASIC MONTHLY RENTALS

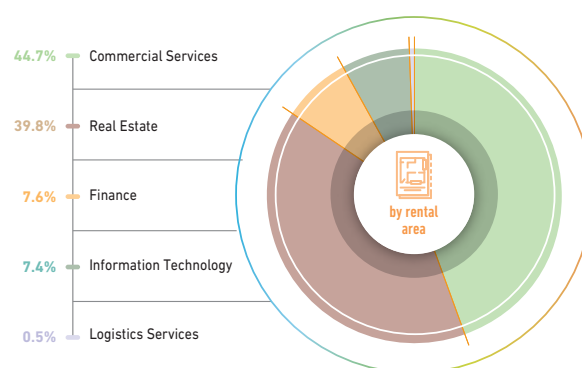




## AREA COMPOSITION ANALYSIS PERCENTAGE



## RENTAL COMPOSITION ANALYSIS PERCENTAGE



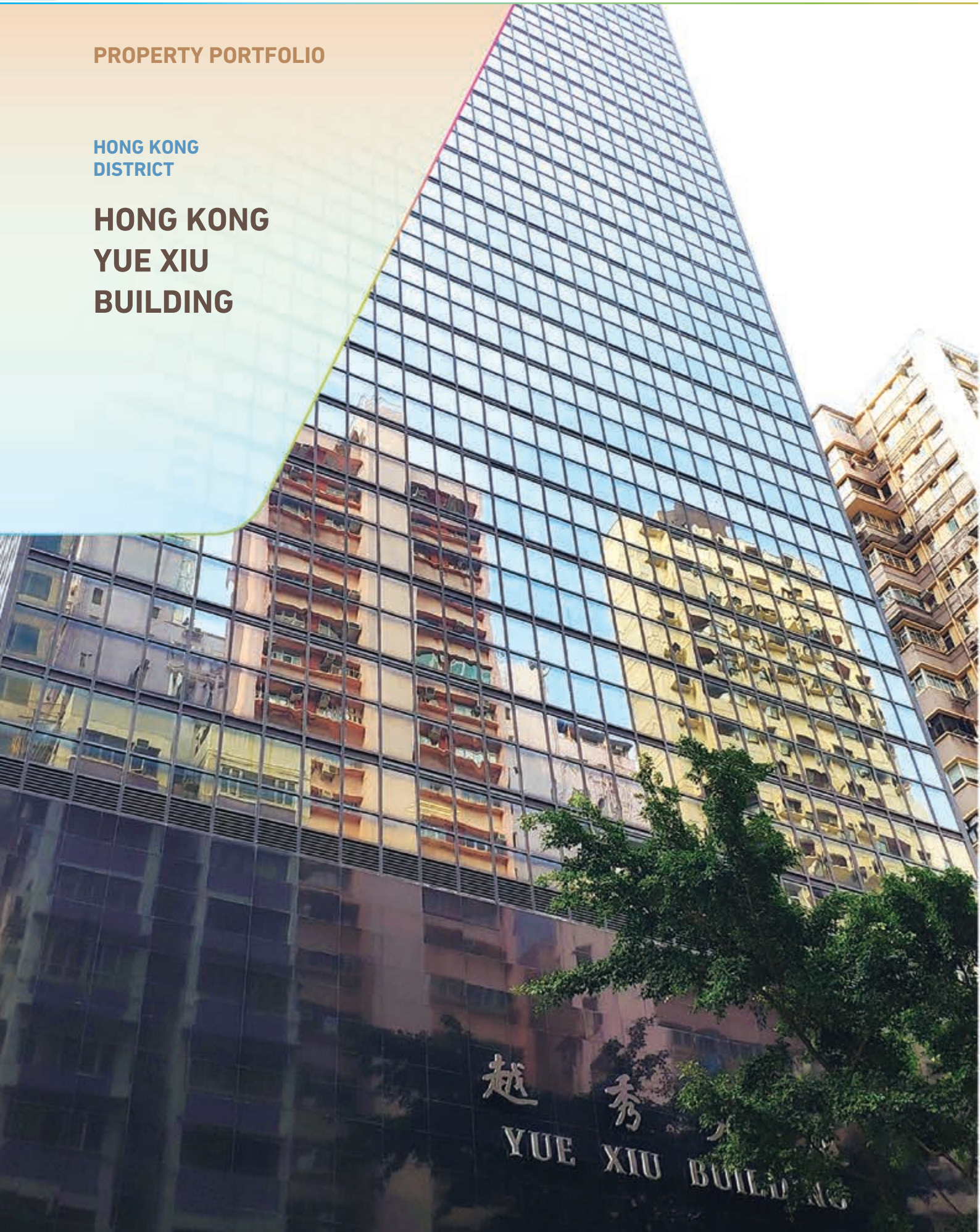
## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Real Estate	25.7%	22.3%
Hangzhou Qiantang Wisevalley Industrial Construction Center	Commercial Services	15.0%	14.2%
Sijiqing Street Government Office of Jianggan District, Hangzhou	Commercial Services	14.7%	16.0%
Zhejiang Yiqiwan Internet Technology Co., Ltd.	Information Technology	6.1%	5.6%
CCCC Water Resources and Hydropower construction Co. Ltd.	Real Estate	5.8%	5.6%
Sijiqing Street Qianyun Community Committee, Jianggan District, Hangzhou	Commercial Services	4.3%	4.7%
China Railway Construction Investment Group Co., Ltd.	Real Estate	3.4%	3.9%
Shanxi Road & Bridge Construction Group Co., Ltd. Zhejiang Traffic Engineering Branch	Real Estate	2.8%	2.6%
Zhejiang Shanggu Industrial Co., Ltd.	Commercial Services	2.7%	2.6%
Caitong Securities Co., Ltd. Securities Branch in Jiangxiu Street, Hangzhou	Finance	2.2%	2.6%
<b>Total</b>		<b>82.7%</b>	<b>80.1%</b>

## PROPERTY PORTFOLIO

HONG KONG  
DISTRICT

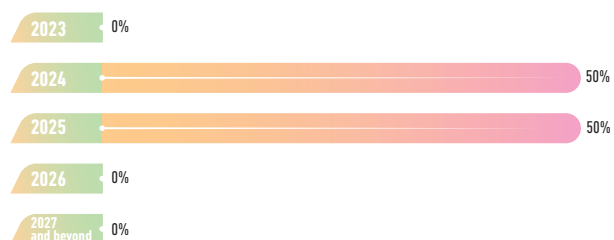
## HONG KONG YUE XIU BUILDING



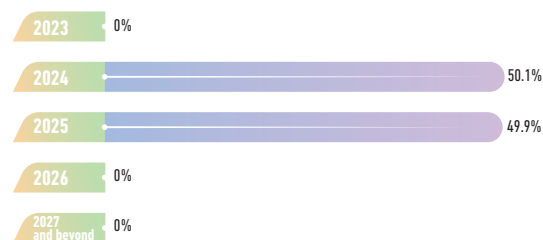
## HONG KONG YUE XIU BUILDING - ESTABLISHED COMMERCIAL BUILDING

Hong Kong Yue Xiu Building is located in Hong Kong Island, within only 1-minute walking distance from Wan Chai Station on MTR Island line. The property, completed in July 1985, is a 27-storey (including car park) commercial building. Three Hong Kong listed companies have settled in the 17th and 23rd floors of Hong Kong Yue Xiu Building, including Yuexiu Property, Yuexiu REIT and Yuexiu Transport.

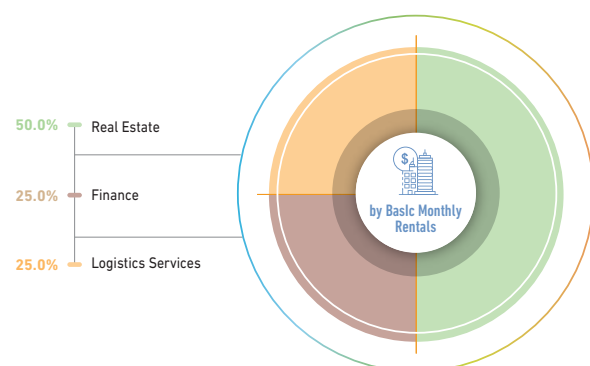
### BY RENTAL AREA



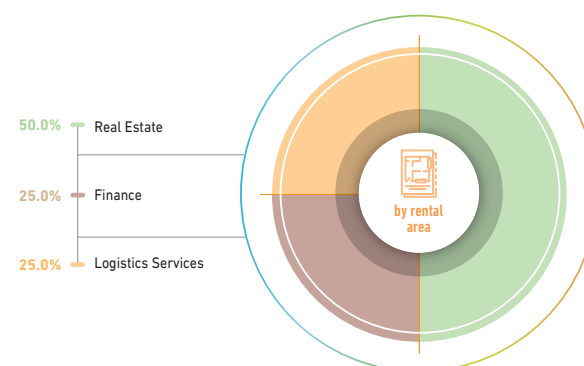
### BY BASIC MONTHLY RENTALS



### AREA COMPOSITION ANALYSIS PERCENTAGE



### RENTAL COMPOSITION ANALYSIS PERCENTAGE



### TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2022)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Property Company Limited	Real Estate	50.0%	50.0%
Yuexiu REIT Asset Management Limited	Finance	25.0%	25.0%
Yuexiu Transport Infrastructure Limited	Logistics Services	25.0%	25.0%
Total		100.0%	100.0%

# REPORT OF THE TRUSTEE

## TRUSTEE REPORT TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of Yuexiu Real Estate Investment Trust has, in all material respects, managed Yuexiu Real Estate Investment Trust in accordance with the provisions of the Trust Deed dated 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 for the financial year ended 31 December 2022.

**HSBC Institutional Trust Services (Asia) Limited**

*(in its capacity as the trustee of Yuexiu Real Estate Investment Trust)*

Hong Kong, 9 March 2023

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### DIRECTORS

The Directors of the Manager are:



**Mr. LIN Deliang**

Age  
53

Chairman, Executive Director  
and Chief Executive Officer



**Ms. OU Haijing**

Age  
46

Executive Director and Deputy  
Chief Executive Officer



**Mr. LI Feng**

Age  
54

Non-Executive Director



**Mr. ZENG Zhizhao**

Age  
45

Non-Executive Director



**Mr. CHAN Chi On,  
Derek**

Age  
59

Independent Non-Executive  
Director



**Mr. CHAN Chi Fai,  
Brian**

Age  
68

Independent Non-Executive  
Director



**Mr. CHEUNG Yuk Tong**

Age  
65

Independent Non-Executive  
Director



**Mr. CHEN Xiaoou**

Age  
53

Independent Non-Executive  
Director

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### CHAIRMAN, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

#### Mr. LIN Deliang



Mr. Lin has been appointed as Chairman on 14 August 2018 and is an Executive Director and Chief Executive Officer of the Manager and as one of the Responsible Officers licensed under the Securities & Futures Ordinance ("SFO") and is authorized to carry out type 9 regulated activities.

Prior to joining the 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 the Yuexiu Property Company Limited ("Yuexiu Property"), a company listed on The Stock Exchange of Hong Kong Limited ("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. He 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 Guangzhou Yue Xiu Holdings Limited ("Yue Xiu 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 Manager, Mr. Lin was responsible for organizing to implement Yuexiu REIT's acquisition of Guangzhou International Finance Center 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 securitization 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 degree in economics. He completed a MBA postgraduate course at South China University of Technology from 2004 to 2005.

## EXECUTIVE DIRECTOR AND DEPUTY CHIEF EXECUTIVE OFFICER

### **Ms. OU Haijing**

Ms. OU Haijing is an Executive Director, and has been the Deputy Chief Executive Officer of the Manager since 26 April 2019 and one of the 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 Manager from May 2009 to September 2016, and headed the investment team of the Manager from 2007 to 2009. Before joining the Manager, Ms. Ou was mainly engaged in the capital operations and had participated in various mergers and acquisitions of Yue Xiu Group, including the listing of Yuexiu REIT. Ms. Ou has over 10 years of experience in internal governance in Yuexiu REIT. She 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, she completed postgraduate studies in Finance at the Lingnan College of Sun Yat-Sen University in 2003.

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### NON-EXECUTIVE DIRECTOR

#### Mr. LI Feng

Mr. LI Feng is Non-Executive Director of the Manager. Mr. Li is currently the chief capital officer of Yue Xiu Group, mainly responsible for formulating and implementing major capital operation, organizing industrial development and financing coordination, upgrading the customer resource management, and a press spokesman of Yue Xiu Group. Mr. Li is also the Chairman of Yuexiu Transport Infrastructure Limited ("Yuexiu Transport"), a company listed on the Hong Kong Stock Exchange (Stock Code: 01052), Chairman of Yuexiu Financial Holdings Limited and Yue Xiu Securities Holdings Limited, a director of Chong Hing Bank Limited, Yuexiu Property and Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司) (formerly known as Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司)), a company listed on the Shenzhen Stock Exchange (Stock Code: 000987). He is familiar with business of listed companies and the operations 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, director of Guangzhou People's Association for Friendship with Foreign Countries and vice-president of The Listed Companies Council, Hong Kong Chinese Enterprises Association and a member of the Risk Management Committee of China Evergrande Group, a company listed on the Hong Kong Stock Exchange (Stock Code: 03333).

#### Mr. ZENG Zhizhao

Mr. Zeng Zhizhao is a Non-executive Director of the Manager.

Mr. Zeng joined the Yue Xiu group in July 2005 and is currently acting as the deputy general manager of Yuexiu Property, being responsible for the management of financial and capital operation of listed companies of the real estate sector within the Yue Xiu group.

Mr. Zeng has extensive experience in capital operations. Mr. Zeng has held various positions with Yue Xiu 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, and as general manager of the capital department from March 2019 to January 2021, where he was mainly responsible for organizing and implementation of major capital operations projects, co-ordination of investor relations of listed companies within the Yue Xiu Group, capital operations and post-investment management of the headquarters of Yue Xiu group. Mr. Zeng was also involved in various capital operation projects including among others the acquisition of Guangzhou International Finance Center 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. He has been a certified public accountant in the PRC since June 2002. He 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.



## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. CHAN Chi On, Derek**

Mr. Chan is an Independent Non-Executive Director ("INED") of the 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. He worked for the Hong Kong Stock Exchange from 1989 to 1996 and was an executive director of Haitong International Securities Group Limited (Stock Code: 00665) (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) and China Conch Venture Holdings Limited (Stock Code: 00586). 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**

Mr. Chan is an INED of the Manager.

Mr. Chan is currently also a director of the Hong Kong Parkview Group. He 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, PRC, Singapore and 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 director of Primeline Energy Holdings Inc., which is listed on the TSX Venture Exchange (Stock Code: PEH.V).

Mr. Chan is a certified public accountant with professional accounting qualifications in Hong Kong and United Kingdom, and has a higher diploma in Business Studies from The Hong Kong Polytechnic University.

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### Mr. CHEUNG Yuk Tong

Mr. Cheung is an INED of the Manager.

Mr. Cheung joined Baker & McKenzie in 1982 and worked in the Chicago, Beijing, Shanghai and Hong Kong offices of the firm. He 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 organized by the Hong Kong Chamber of Listed Companies from 2012 to 2015. He 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.. He was admitted as a solicitor in Hong Kong and England, and as an attorney-at-law in New York.

### Mr. CHEN Xiaoou

Mr. Chen is an INED of the 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. He has been living and working in PRC, the United States, Hong Kong, Singapore and Australia for many years. He is the China Chapter Board Member 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). He had worked as an architectural designer and urban planner in 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. He received an AMDP (Advanced Management Development Program in Real Estate) certificate from Harvard University Graduate School of Design in 2010, obtained a master of Architecture degree from University of New South Wales in Australia in 1999, and obtained a bachelor of Architecture degree from Northwestern Polytechnical University in China in 1992.

## COMPENSATION OF DIRECTORS OF THE MANAGER

All fees and compensation of the Directors and senior executives of the Manager were borne by the Manager and not by Yuexiu REIT or any of its controlled entities.

## INDEPENDENCE OF DIRECTORS

The Manager has received written annual confirmation of independence from each of the four INEDs of the Manager confirming his independence based on the criteria set out in the Compliance Manual and the Manager considered all independent non-executive Directors to be independent.

## SENIOR EXECUTIVES OF THE MANAGER

### Mr. LIN Deliang

Mr. Lin is the Chairman, Chief Executive Officer, Executive Director and one of the Responsible Officers of the Manager. Information on his business and working experience have been set out in the subsection headed "Directors" above.

### Ms. OU Haijing

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

### Mr. YU Tat Fung

Mr. Yu is the company secretary and has been appointed as the compliance manager on 1 March 2010 of the Manager. Mr. Yu has been the company secretary of Yuexiu Property and Yuexiu Transport since October 2004. Mr. Yu has also been the company secretary of Yuexiu Services Group Limited (listed on the Stock Exchange with stock code: 6626) since February 2021. Mr. Yu has also been the company secretary and group general counsel of Yue Xiu since January 2014 and February 2017, respectively. Throughout the said positions, Mr. Yu has been responsible for advising respective board of directors on, among others, corporate governance and compliance matters. Mr. Yu obtained a bachelor's degree in social sciences from The University of Hong Kong in November 1981. He attained the Solicitors' Final Examination in England in November 1983. Mr. Yu was admitted as a solicitor of the Supreme Court of Hong Kong in April 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in February 1995. Mr. Yu confirmed that he had taken no less than 15 hours of relevant professional training during the Year.

### Mr. KWAN Chi Fai

Mr. Kwan is the Chief Financial Officer and one of the Responsible Officers of the Manager. He is responsible for the financial management of the Manager. Prior to joining Yue Xiu in January 2007, Mr. Kwan was the financial controller of 2 companies which are listed on the Hong Kong Stock Exchange. He has over 25 years of experience in finance, accounting and taxation.

Mr. Kwan is a member of Chartered Professional Accountants of Canada, the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. He obtained a master degree in business administration and a bachelor degree in accounting from The University of Hong Kong.

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### **Ms. YOU Quan**

Ms. You is the general manager of the project development department of the Manager. She is mainly responsible for the capital technical alteration, risk control and facility management operations of the properties. Before joining the 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. She 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. She has rich experience in both engineering and operations management, involved in management of 5-star hotels, likes Four Seasons Hotel Guangzhou, and super high-rise buildings and city level multi-functional commercial complexes, likes 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 degree in engineering. She has a wide range of professional knowledge and is the holder of certified Public Utility Engineer (HVAC) qualification, senior HVAC engineer license, fire facility design certificate, building equipment engineer license.

### **Mr. DAI Jiakai**

Mr. Dai is the Owner Representative of hotels and apartments of the Manager and is responsible for owner supervision of hotels and apartments of the Manager. Before joining the 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. He has extensive experience in hotel operation and management.

**Mr. LIU Bihong**

Mr. Liu is the general manager of the internal audit department and the deputy general manager of the compliance department of the Manager, and is also the deputy head of the legal department of Yue Xiu. He 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 Manager's business and investment acquisitions. He assists in compliance work to ensure conformity with the requirements of the regulatory bodies such as the Hong Kong Stock Exchange and the SFC. He is also responsible for the corporate service of the Manager. Mr. Liu joined the GCCD Group in 1999 and worked in legal department. He 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 in 2005 with a Juris Master Degree. Mr. Liu has a wide range of professional knowledge and has gained professional qualifications successively in 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**

Mr. Chen is currently the general manager of the finance department of the Manager and is responsible for the finance, taxation and fund management of the 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. He 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).

## THE LEASING AGENTS

### THE LEASING AGENTS

Yicheng BM introduced quality management system, environmental management system and occupational health and safety management system in 2009 and has passed annual review and acquired re-certification. It maintained effective certificates of GB/T19001-2016/ISO9001:2015, GB/T24001-2016/ISO14001:2015, GB/T45001-2020/ISO45001:2018 and GB/T23331-2020/ISO50001:2018 as at 31 December 2022. In 2022, Yicheng BM newly obtained a certification for information security management system, certificate number GB/T22080-2016/ISO/IEC27001:2013.

Baima BM (previously known as Guangzhou White House Property Management Co. Ltd was incorporated in the PRC in 1998 and is 66.92% owned by YXP as at 31 December 2021) provides leasing, marketing, tenancy management and property management services to White Horse Building and has been exclusively managing the property since 1998. It was GB/T19001-2016/ISO9001:2015 certified in 2018.

GZ IFC Management was incorporated in the PRC in 2012 to provide leasing, marketing and tenancy management services for the office buildings and retail mall of GZIFC and Shanghai Yue Xiu Tower.

### CONFLICTS OF INTEREST

Yuexiu Property, its subsidiaries and associates are engaged in, amongst other things, investment in and development and management of commercial properties. Possible conflicts of interest may arise where Yuexiu REIT competes directly with Yuexiu Property and/or its subsidiaries or associates for property acquisitions and tenants. In order to address such potential conflict of interest, the following arrangements have been made.

### SEGREGATION OF OPERATIONAL LEASING AND MARKETING FUNCTIONS

The Yuexiu Property Group has effected an internal restructuring which resulted in Baima BM, Yicheng BM and GZ IFC Management (together "Leasing Agents") only being solely responsible for providing leasing and marketing services to Yuexiu REIT's properties and another company within the Yuexiu Property group ("YXP Property Manager") will be responsible for providing such services to properties not belonging to Yuexiu REIT.

### "CHINESE WALLS"

"Chinese Wall" procedures have been put in place to ensure that there is segregation of information between the Leasing Agents and the YXP Property Manager. These include having separate operating premises and IT systems, and separate reporting lines, for each of the Leasing Agents and the YXP Property Manager. Leasing Agents have on-site premises for their use in connection with their property management functions. The personnel and IT systems of the Leasing Agents and the YXP Property Manager have been physically segregated.

## CONTRACTUAL PROTECTION

Contractual provisions have been included in each of the tenancy services agreements entered into between the Manager and Partat Investment Limited ("Partat"), Moon King Limited ("Moon King"), Full Estates Investment Limited ("Full Estates"), Keen Ocean Limited ("Keen Ocean"), Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd ("GYCCIFC"), Guangzhou Jiayao Property Development Co., Ltd., Guangzhou Yuyao Property Development Co., Ltd., Guangzhou Jingyao Property Development Co., Ltd., Guangzhou Jinyao Property Development Co., Ltd., (together as "Yuexiu Financial Tower Project Companies"), Shanghai Hong Jia Real Estate Development Co., Ltd. ("Shanghai Hong Jia"), Wuhan Yuexiu Property Development Limited ("Wuhan YXPD"), Hangzhou Yuehui Real Estate Development Co., Ltd. ("Hangzhou Yuehui") or, as the case may be, and the relevant Leasing Agent to provide that:

- (i) the Leasing Agents will at all times act in the best interests of Yuexiu REIT and exercise a reasonable standard of care, skill, prudence and diligence under the circumstances then prevailing that a reputable leasing agent would use in providing similar services for comparable local commercial properties;
- (ii) the Leasing Agents will adhere to the organisational charts and reporting lines agreed with the Manager and will act in accordance with the directions of the Manager;
- (iii) the Leasing Agents will implement the annual business plan and budget approved by the Manager every year and use its best endeavours to achieve the revenue targets in such approved annual business plan and budget; and
- (iv) if leasing or marketing opportunities in relation to any of the Properties become available to the Leasing Agents which the Leasing Agents, acting reasonably and in good faith, consider are or are likely to be in competition with the Yuexiu Property Manager, the Leasing Agents will either:
  - refer all such business proposals to the Manager for vetting and confirmation before the relevant Leasing Agent proceeds with such proposals or opportunities; or
  - sub-contract to a third party leasing agent independent of the Yuexiu Property Group, to devise and implement the relevant business proposal.

Yuexiu Property, being the parent company of the Leasing Agents, has provided an undertaking to Yuexiu REIT that it will procure that the Leasing Agents will comply with the relevant provisions set out in the tenancy services agreements in this regard.

## CORPORATE GOVERNANCE

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Yuexiu REIT in a transparent manner and with built-in checks and balances. Set out below is a summary of the key components of the corporate governance policies that have been adopted and are followed by the Manager and Yuexiu REIT.

### AUTHORISATION STRUCTURE

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. As at 31 December 2022, the Manager had three persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, Mr. Lin Deliang and Ms. Ou Haijing, the Executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Kwan Chi Fai is also Responsible Officer.

The Trustee is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29) and is qualified to act as a trustee for authorised collective investment schemes under the SFO and the REIT Code.

### ROLES OF THE TRUSTEE AND MANAGER

The Trustee is responsible under the Trust Deed for, among other things, the safe custody of the assets of Yuexiu REIT held by it on behalf of Unitholders. The Manager's role under the Trust Deed is to manage Yuexiu REIT in accordance with the Trust Deed and, in particular, to ensure that the financial and economic aspects of Yuexiu REIT's assets are professionally managed in the sole interests of the Unitholders.

### FUNCTIONS OF THE BOARD

As at 31 December 2022, the board of Directors of the Manager ("Board") comprised eight members, four of whom are INEDs.

The Board principally oversees the day-to-day management of the Manager's affairs and the conduct of its business and is responsible for the overall governance of the Manager. The Board's function is largely separated from, and independent of, the executive management function. The Board leads and guides the Manager's corporate strategy and direction. Day-to-day management functions and certain supervisory functions have been delegated to relevant committees of the Board and a schedule of matters specifically reserved to the Board has been formally adopted. The Board exercises its general powers within the limits defined by the Manager's articles of association ("Articles of Association"), with a view to ensuring that management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board will also review major financial decisions and the performance of the Manager. In accordance with the REIT Code, the Manager is required to act in the best interests of the Unitholders, to whom it owes a fiduciary duty.



## ROLES OF THE KEY BOARD MEMBERS

The roles of the key members of the Board are as follows:

- Chairman – responsible for the overall leadership of the Board and the Manager generally.
- Chief Executive Officer – responsible for the day-to-day operations of the Manager and supervises the Manager's management team to ensure that Yuexiu REIT is operating in accordance with its stated strategies, policies and regulations.
- INEDs – govern the Manager through the Board and their participation in Board committees.

## BOARD COMPOSITION

The composition of the Board is determined using the following principles:

- the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management and the property industry; and
- at least half of the Board and, in any event, not less than three Directors should comprise INEDs.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

## BOARD MEETINGS

Board meetings will normally be held at least four times a year at approximately quarterly intervals. To ensure that Directors will be given sufficient time to consider the issues to be tabled at the various Board meetings, details of the venue, time and agenda of the meeting are required to be given at least 10 clear days in advance of the meeting (except if there are exceptional circumstances or if the majority of Directors agree to a shorter period of notice).

No Board meeting, or any adjourned Board meeting, will be quorate unless a simple majority of Directors for the time being (excluding any Directors which the Manager has a right to exclude for that purpose, whether pursuant to a contract or otherwise) are present at the time when the relevant business is transacted. A Director who, whether directly or indirectly, has a material interest in a contract or proposed contract with the Manager, which is of significance to the Manager's business, he must declare the nature of his interest during the Board meeting or by giving a general notice to the Board, whichever is earlier before the question of entering into the contract is taken into consideration on behalf of the Manager.

A Director who is prohibited from voting by reason of a conflict of interest will not be counted for the purposes of establishing the necessary quorum for the meeting.

Matters to be considered by the Board will be adopted on the basis of a simple majority of votes.

## CORPORATE GOVERNANCE

The Manager has held twelve full Board meetings, five of which were held by means of written resolutions, during the Reporting Year and the attendance of individual directors at such Board meetings is as follows:

Members of the Board	Number of meetings attended
Chairman and Executive Director	
Mr. Lin Deliang	12
Executive Directors	
Ms. Ou Haijing	12
Non-executive Directors	
Mr. Li Feng	12
Mr. Zeng Zhizhao	12
Independent Non-executive Directors	
Mr. Chan Chi On, Derek	12
Mr. Chan Chi Fai, Brian	12
Mr. Cheung Yuk Tong	12
Mr. Chen Xiaoou	12

## BOARD COMMITTEES

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and to then submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are as follows:

### AUDIT COMMITTEE

The Audit Committee comprises INEDs only (at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise) and should have at least three members. As at the date of this report, the members of the Audit Committee are Mr. Chan Chi On, Derek, Mr. Cheung Yuk Tong, Mr. Chan Chi Fai, Brian and Mr. Chen Xiaoou. Mr. Chan Chi Fai, Brian is the Chairman of the Audit Committee. Among other matters, it reviews the completeness, accuracy and fairness of Yuexiu REIT's financial statements and considers the scope, approach and nature of internal and external audit reviews, and is responsible for the overall risk management.

The Audit Committee's responsibilities also include:

- (1) appointing external auditors, reviewing their reports and guiding management to take appropriate actions to remedy faults or deficiencies identified in internal control.
- (2) monitoring the procedures in place to ensure compliance with applicable legislation, the REIT Code and the applicable Listing Rules.
- (3) reviewing all financial statements and internal audit reports.
- (4) reviewing and monitoring the procedures established to regulate connected party transactions, including ensuring compliance with the provisions of the REIT Code relating to transactions between Yuexiu REIT and a "connected person" (as defined in REIT Code).

The Audit Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, six meetings of the Audit Committee were held.

Audit Committee meetings were held during 2022 for considering and reviewing 2021 annual result, 2022 interim result, connected party transactions and other internal controls, risk management and compliance matters of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi Fai, Brian (Chairman)	6
Mr. Chan Chi On, Derek	6
Mr. Cheung Yuk Tong	6
Mr. Chen Xiaouu	6

The external auditors of Yuexiu REIT attended the Audit Committee meeting to report major audit issues and findings. The Audit Committee also met with the external auditors without the presence of the management team of the Manager twice during the Reporting Year.

## FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee comprises seven Directors, including the Chairman, the Chief Executive Officer and at least one INED. As at the date of this report, the members of the Finance and Investment Committee are Mr. Lin Deliang, Ms. Ou Haijing, Mr. Li Feng, Mr. Zeng Zhizhao, Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brian and Mr. Chen Xiaouu. Mr. Lin Deliang is the Chairman of the Finance and Investment Committee. It is responsible for, among other matters, evaluating and making recommendations on proposed acquisitions and disposals of assets, approving budgets and reviewing actual expenses on all key expenditures and reviewing the quarterly financial performance, forecasts and annual financial plan of the Manager and Yuexiu REIT. The Finance and Investment Committee also reviews and recommends changes to financial authorities, policies or procedures in areas such as accounting, taxes, treasury, distribution payout, investment appraisal, management and statutory reporting.

## CORPORATE GOVERNANCE

Finance and Investment Committee meetings were held during 2022 for reviewing 2021 annual result, 2022 interim result, bank loan refinancing, foreign exchange and capital renovation of Yuexiu REIT.

The Finance and Investment Committee has held seven meetings, one of which was held by means of written resolutions, during the Reporting Year, and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Lin Deliang (Chairman)	7
Ms. Ou Haijing	7
Mr. Li Feng	7
Mr. Zeng Zhizhao	7
Mr. Chan Chi On, Derek	7
Mr. Chan Chi Fai, Brian	7
Mr. Chen Xiaou	7

## DISCLOSURES COMMITTEE

The Disclosures Committee comprises the Chief Executive Officer and at least one INED. Among other matters, it is responsible for reviewing matters relating to the regular, urgent and forward looking disclosure of information to Unitholders and public announcements and circulars. The Disclosures Committee also oversees compliance with applicable legal requirements (including those relating to Yuexiu REIT's connected party transactions) and the continuity, accuracy, clarity, completeness and currency of information disseminated by the Manager and Yuexiu REIT to the public and applicable regulatory agencies.

The Disclosures Committee's responsibilities also include:

- (1) Regularly review and recommend to the Board on matters of corporate disclosure issues and announcements, financial reporting, connected party transactions and potential areas of conflict of interests.
- (2) Oversee compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and circulation of information disseminated by both the Manager and the Yuexiu REIT to the public and applicable regulatory agencies.
- (3) Review and approve all material non-public information and all public regulatory filings of the Group prior to such information being disseminated to the public or filed with applicable regulatory agencies, as applicable.

The Disclosures Committee members are appointed by the Board from among the Directors. The Disclosures Committee presently consists of two members, namely, Mr. Lin Deliang and Mr. Chan Chi On, Derek. Mr. Chan Chi On, Derek is the Chairman of the Disclosures Committee.

The Disclosures Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, twenty four meetings of the Disclosures Committee were held, nineteen of which were held by means of written resolutions.

The Disclosures Committee meetings were held during 2022 for considering and reviewing results announcements, interim and annual reports and other corporate disclosure issues of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi On, Derek (Chairman)	24
Mr. Lin Deliang	24

## REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises of one member appointed by Manager and at least three INEDs. As at the date of this report, the members of the Remuneration and Nomination Committee are Mr. Lin Deliang, Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brain and Mr. Cheung Yuk Tong. Mr. Cheung Yuk Tong is the Chairman of the Remuneration and Nomination Committee. Among other matters, it reviews the terms and conditions of employment of all staff and Directors (other than the members of the Remuneration and Nomination Committee, whose remuneration is determined by the Board) and recommends the manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. It ensures that no Director is involved in deciding his own remuneration. It is also responsible for reviewing the structure, size and composition of the Board and its committees on an ongoing basis and for nominating, and providing recommendations on, persons for appointment, re-appointment or removal as Directors. If a member of the Remuneration and Nomination Committee is subject to re-appointment or removal, then such Director will abstain from participating in such discussions.

Remuneration and Nomination Committee meetings were held during 2022 for reviewing the performance management and manpower deployment of the Yuexiu REIT and the Manager and reviewing the structure, size and composition of the board and committees.

## CORPORATE GOVERNANCE

The Remuneration and Nomination Committee were held four meetings during the Reporting Year and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Cheung Yuk Tong (Chairman)	4
Mr. Lin Deliang	4
Mr. Chan Chi On, Derek	4
Mr. Chan Chi Fai, Brian	4

### INDEPENDENT BOARD COMMITTEE

Independent Board Committee presently comprises of four INEDs, namely, Mr. Chan Chi On, Derek, Mr. Cheung Yuk Tong, Mr. Chan Chi Fai, Brian and Mr. Chen Xiaou.

No Independent Board Committee was held during the Reporting Year.

### DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

In accordance with the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Directors should also provide the company with their respective training records according to the Corporate Governance Code.

During the Reporting Year, the Directors have participated in relevant seminars or readings etc. which covered topics relating to the management and related regulations, as well as compliance issues with respect to the Listing Rules and the Securities and Futures Ordinance. Based on the Director's training records, trainings received by each Director during the period from 1 January 2022 to 31 December 2022 are summarized as follows:

Name of Directors	Readings on publications and newspapers on updated information about economics, commerce, Directors duties, etc.	Participation in trainings/briefings/corporate governance/seminars/conferences relevant to Directors' duties
<b>Executive Directors</b>		
Mr. Lin Deliang	√	√
Ms. Ou Haijing	√	√
<b>Non-Executive Directors</b>		
Mr. Li Feng	√	√
Mr. Zeng Zhizhao	√	√
<b>Independent Non-Executive Directors</b>		
Mr. Chan Chi On, Derek	√	√
Mr. Chan Chi Fai, Brian	√	√
Mr. Cheung Yuk Tong	√	√
Mr. Chen Xiaou	√	√

## APPOINTMENT AND REMOVAL OF DIRECTORS

Directors may be nominated for appointment by the Board following a recommendation made by the Remuneration and Nomination Committee. All Directors will be appointed for specific terms. One-fourth of the INEDs who are subject to retirement by rotation (if necessary, rounded up to the nearest whole number) will retire at every annual general meeting from and including the first annual general meeting and the retiring Directors on each occasion will be those who have been in office longest since their last appointment or re-appointment, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by ballot.

The Chairman has been appointed for the term of three years. Upon the expiration of such term, he may be re-appointed as a Chairman.

## CORPORATE GOVERNANCE

A Director may also be removed from office if served with a notice of removal signed by all of the other Directors. An outgoing Director must abstain from voting in respect of a resolution proposed at a Board meeting in respect of the appointment of his successor or his re-appointment.

Directors may be nominated for appointment and/or removal by the Board (following a recommendation made by the Remuneration and Nomination Committee), provided that if the Director so appointed is an INED, he/she shall hold office only until the next general meeting of the Yuexiu REIT and shall then be eligible for re-election at that meeting. Such re-election of INED shall be approved by Unitholders by way of an Ordinary Resolution.

Pursuant to the Articles of Association, a Director will need to vacate his office in certain circumstances, such as in the event that he becomes bankrupt, is convicted of an indictable offence, has been absent from Directors' meetings for six months or more without special leave of absence from the Board or fails to comply with the required standard set out in any code of conduct adopted by the Board and the Board resolves that he is thereby disqualified to continue as a Director.

## RISK MANAGEMENT AND INTERNAL CONTROL

To maintain a more effective and efficient business operation and sustainable business growth, Yuexiu REIT systematically determining business risk and setting up risk management structure, procedures and related contents.

Our risk management framework is guided by three defensive lines of risk management and control. First line of defense are the front line operation departments and different functional departments. They are responsible for monitoring performance against the operational and management indicators and will submit the control report regularly to the risk management team for review. The second line of defense is the risk management team. They are responsible for developing pertinent operational and management indicators, collecting, summarizing and analyzing the result from the control report. The third line of defense is the internal audit team responsible for carrying out independent objective assurance, evaluating the reasonableness of all risk indicators and operational procedures. Moreover, they need to report to the Board regularly.

The Board meets quarterly or more frequently, if necessary, to review the risk report submitted by the internal audit team and the effectiveness and adequacy of internal control of the major operation procedures of Yuexiu REIT.

Moreover, the Board has reviewed the financial performance of Yuexiu REIT, any risks relating to the assets of Yuexiu REIT, examined liability management and will act upon any comments from the auditors of Yuexiu REIT (where appropriate).

The Manager has appointed experienced and well-qualified management team to handle the day-to-day operations of the Manager and Yuexiu REIT. In assessing business risk, the Board has considered the economic environment and the property industry risk. It reviews management reports and feasibility studies on individual development projects prior to approving any major transactions.



## CONFLICT OF INTEREST

The Manager has established the following procedures to deal with conflict of interest:

- 1) The Manager does not manage any other real estate investment trust or involve in any other real estate business.
- 2) All connected party transactions are monitored and undertaken according to the procedures and/or on terms in compliance with the REIT Code.
- 3) At least half of the Board comprise INEDs.
- 4) INED's appointment should be approved by Unitholders by way of an Ordinary Resolution.

## GENERAL MEETINGS

Yuexiu REIT will in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The Trustee or the Manager may at any time convene a meeting of Unitholders. The Manager will also convene a meeting if requested in writing by not less than two Unitholders registered as together holding not less than 10.0% of the issued and outstanding Units. Except for annual general meeting where at least 21 days' notice of the meeting will be given, at least 14 days' notice of other meetings will be given to the Unitholders and the notice will specify the time and venue of the meeting and the resolutions to be proposed.

Two or more Unitholders present in person or by proxy registered as holding not less than 10.0% of the Units for the time being in issue will form a quorum for the transaction of all businesses, except for the purpose of passing a special resolution. The quorum for passing a special resolution will be two or more Unitholders present in person or by proxy registered as holding not less than 25.0% of the Units in issue. The quorum for an adjourned meeting shall be such number of Unitholders who are present in person or by proxy regardless of the number of Units held by them.

## REPORTING AND TRANSPARENCY

Yuexiu REIT will prepare its financial statements in accordance with Hong Kong Financial Reporting Standards with a financial year-end of 31 December and a financial half-year of 30 June. In accordance with the REIT Code, the annual results for Yuexiu REIT will be announced no later than three months following each financial year end and the annual report and financial statements for Yuexiu REIT will be published and sent to Unitholders no later than four months following each financial year-end and the interim results no later than two months following each financial half-year. In addition, Yuexiu REIT aims to provide Unitholders with relevant operational information, such as occupancy levels and utilisation rates of the properties that it holds, along with the publication of such financial results following each financial year-end and financial half-year.

As required by the REIT Code, the Manager will ensure that public announcements of material information and developments with respect to Yuexiu REIT will be made on a timely basis in order to keep Unitholders apprised of the position of Yuexiu REIT.

## CORPORATE GOVERNANCE

### DISTRIBUTION PAYMENTS

In accordance with the Trust Deed, Yuexiu REIT is required to distribute not less than 90% of Total Distributable Income to Unitholders. The Manager's policy is to distribute to Unitholders 100% of Yuexiu REIT's Total Distributable Income for each of the 2006, 2007 and 2008 financial years and thereafter at least 90% of Yuexiu REIT's annual Total Distributable Income in each subsequent financial year. As stated in the circular issued to Unitholders dated 30 June 2012, the Manager intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item for the financial years ended from 31 December 2012 to 31 December 2016 and no less than 90% thereafter.

The Manager also has the discretion under Trust Deed, where there are surplus funds, to distribute amounts in addition to that set out in the circular. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having 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.

### ISSUES OF NEW UNITS POST-LISTING

To minimise the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code. Such provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued: (i) free of such pre-emption rights; (ii) as consideration for the acquisition of additional real estate; and (iii) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an ordinary resolution is obtained, provided that the number of Units issued under (i) and (ii) shall not exceed an aggregate maximum in any financial year of 20% of the number of Units in issue at the end of the previous financial year.

The Manager and Yuexiu REIT may issue Units or convertible instruments to a connected person, without the requirement of obtaining Unitholders approval where (i) the connected person receives a pro rata entitlement in its capacity as a Unitholder; (ii) Units are issued to the Manager to satisfy part or all of the Manager's remuneration or (iii) when Units or convertible instruments are issued to a connected person within 14 days in a place and top up exercise, subject to certain conditions.

## **INTERESTS OF, AND DEALINGS IN UNITS BY, THE MANAGER AS WELL AS DIRECTORS AND SENIOR MANAGEMENT OF THE MANAGER**

To monitor and supervise any dealings of Units by the Directors and their associates, the Manager has adopted a code containing rules on dealings by the Directors and associated parties (“Code Governing Dealings in Units by Directors”) equivalent to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules. Pursuant to this code, Directors wishing to deal in the Units must first have regard to Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct as if these provisions of the SFO applied to the securities of Yuexiu REIT. In addition, there are occasions where Directors cannot deal in the Units even though the requirements of the SFO, if it applied, would not be contravened. A Director must not make any unauthorised disclosure of confidential information or make any use of such information for the advantage of himself or others. The Manager shall be subject to the same disclosure requirements as the Directors, *mutatis mutandis*.

Directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or connected party transactions under the REIT Code or any price-sensitive information must refrain from dealing in the Units as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the REIT Code and any applicable Listing Rules. Directors who are privy to relevant negotiations or agreements or any price-sensitive information should caution those Directors who are not so privy that there may be unpublished price-sensitive information and that they must not deal in Yuexiu REIT’s securities for a similar period.

Interests held by Directors and their associates will be published in the annual and interim reports of Yuexiu REIT. To facilitate this, the Manager has adopted a code containing rules on disclosure of interests by Directors. The Manager shall be subject to the same dealing requirements as the Directors, *mutatis mutandis*.

The above codes may also be extended to senior executives, officers and other employees of the Manager or Yuexiu REIT as the Board may determine.

The Manager has also adopted procedures for monitoring of disclosure of interests by Directors, the chief executive of the Manager, and the Manager. The provisions of Part XV of the SFO are deemed by the Trust Deed to apply to, among other things, the Manager, the Directors and chief executive of the Manager and each Unitholder and all persons claiming through or under him.

## CORPORATE GOVERNANCE

Under the Trust Deed, Unitholders with a holding of 5.0% or more of the Units in issue will have a notifiable interest and will be required to notify the Hong Kong Stock Exchange, the Trustee and the Manager of their holdings in Yuexiu REIT. The Manager shall keep a register for these purposes and it shall record in the register, against a person's name, the particulars provided pursuant to the notification and the date of entry of such record. The said register shall be available for inspection by the public without charge during such hours as the register of Unitholders is available for inspection. In addition, the Manager maintains a website containing all important information concerning Yuexiu REIT. The Manager shall cause copies of all disclosure notices received to be promptly posted to its website.

### MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION

Pursuant to the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of special resolution. Such matters include, among other things, removing the Trustee and approving the termination of Yuexiu REIT.

### CONFIRMATION OF COMPLIANCE WITH CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS

Specific enquiry has been made of all Directors and Manager and all of them confirmed they had complied with the required standard set out in the Code Governing Dealings in Units by Directors.

### PUBLIC FLOAT

Based on the information that is publicly available as at the date of this report, the Manager reports there was more than 25% of the Units held in public hands as required under the Listing Rules and the REIT Code.

### COMPLIANCE WITH COMPLIANCE MANUAL

Except from Article C.2.1 of the Corporate Governance Code, it is required that the roles of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. At present, Mr. Lin Deliang is both the Chairman and Chief Executive Officer of the Manager. This structure was considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also did not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the board and the Manager's management.

The Manager has adopted a compliance manual (the "Compliance Manual") for use in relation to its management and operation of Yuexiu REIT which includes key policies and procedures for maintaining a high standard of corporate governance.

During the Reporting Year, the Manager has complied with the provisions of its Compliance Manual for its management of Yuexiu REIT.

### AUDITORS

The financial statements of Yuexiu REIT have been audited by PricewaterhouseCoopers ("PwC"). PwC will retire as the auditor of Yuexiu REIT at the conclusion of the forthcoming 2023 annual general meeting ("AGM") of Yuexiu REIT and will not seek for re-appointment.

Ernst & Young ("EY") is appointed as the new auditor for performing the audit for the financial year ending 31 December 2023, effective immediately following the retirement of PwC at the conclusion of the AGM.

## CONNECTED PARTY TRANSACTIONS

The connected party transaction rules of the REIT Code govern transactions between the Yuexiu REIT Group and its connected persons (as defined in Rule 8.1 of the REIT Code). Such transactions constitute connected party transactions for the purposes of the REIT Code.

### LEASING TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2022 Reporting Year
24 October 2021	Guangzhou Yue Xiu Holdings Limited ("GZYX")	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Leasing Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected leasing transactions between Yuexiu REIT Group and Yuexiu connected persons group (being GZYX and its subsidiaries and associates) (" <b>Yuexiu Connected Persons Group</b> ") which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023, subject to the annual caps of RMB583,994,000 and RMB649,195,000 for the years ending 31 December 2022 and 2023, respectively.	RMB349,155,000
20 December 2022	Manager Yuexiu Transport Infrastructure Limited (" <b>Yuexiu Transport</b> "), Yuexiu Property Company Limited (" <b>YXP</b> ")	Manager An associate of the Manager	On 20 December 2022, (i) Artform Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the Manager Lease Agreement with the Manager (as lessee) for the lease of Unit 3 and a portion of Unit 2 of the 17th Yue Xiu Building; (ii) Artform Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the Yuexiu Transport Lease Agreement with Yuexiu Transport (as lessee) for the lease of Unit 1 and a portion of Unit 2 of the 17th Yue Xiu Building; and (iii) Blow Light Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the YXP Lease Agreement I with YXP (as lessee) for the lease of Unit 3 and a portion of Unit 2 of the 23rd Yue Xiu Building, subject to the annual caps of HK\$308,400, HK\$3,700,800, HK\$2,620,000 and HK\$1,694,000 for the years ending 31 December 2022, 2023, 2024, 2025, respectively.	HK\$84,000

## CONNECTED PARTY TRANSACTIONS

### PROPERTY MANAGEMENT TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2022 Reporting Year (RMB)
24 October 2021	GZYX	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Property Management Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected property management transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023.	N/A

### TENANCY SERVICES TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2022 Reporting Year (RMB)
24 October 2021	Yuexiu Property	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Tenancy Services Framework Agreement with Yuexiu Property setting out the terms and conditions and pricing policy governing the connected tenancy services transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023, subject to the annual caps of RMB78,945,000 and RMB86,313,000 for the years ending 31 December 2022 and 2023, respectively.	46,713,000

## STAFF QUARTERS SUBLEASE

The following table sets forth information in relation to the sublease entered into between a connected person of Yuexiu REIT and Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd., Four Seasons Hotel Branch\* (廣州越秀城建國際金融中心有限公司四季酒店分公司) (being a branch company of a subsidiary of Yuexiu REIT):

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Sublease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (Years)	Sublease payment during the 2022 Reporting Year (RMB)
Guangzhou Yuexiu Star Apartment Management Co., Ltd.* (廣州越秀星寓公寓管理有限公司)	Guangzhou Tianhe District 邦華名悅 property	An associate of the Manager	7,411.05	1 December 2022	930,161	126	0	3	10,847,000

## TRADE MARK LICENCE AGREEMENTS

The following table sets forth information for the 2022 Reporting Year in relation to the trade mark licences granted by the connected persons to Yuexiu REIT:

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/payable for the 2022 Reporting Year	Licence maturity date
Baima BM	An associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	27 November 2026, 6 December 2026, 13 January 2027, 13 December 2026, 20 January 2027 27 November 2026
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") <sup>(1)</sup>	An associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

(1) The trademarks were assigned from Yue Xiu to GZYX.

## CONNECTED PARTY TRANSACTIONS

### CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

The following table sets forth information for the 2022 Reporting Year in relation to the prepaid construction payable by Yuexiu REIT to a connected person and the interest charged on the balance of prepaid construction payable:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for the 2022 Reporting Year (RMB)	Nature of Transaction	Amount received/Receivable for the 2022 Reporting Year (RMB)
GCCD	An associate of the Manager	4 May 2012	40,106,000	Interest on the balance of construction payable	3,453,000

### ORDINARY BANKING SERVICES

Name	Nature of Transaction	Relationship with Yuexiu REIT	Date of Agreement	Principal Amount (RMB)	Amount of fees paid/payable within the 2022 Reporting Year	Amount of interest paid/payable within the 2022 Reporting Year (RMB)
Chong Hing Bank	Loan <sup>(1)</sup>	An associate of the Manager	November 2016	— <sup>(2)</sup>	—	2,496,000

(1) Chong Hing Bank was one of the lending banks.

(2) On 21 June 2022, Yuexiu REIT repaid a loan in the principal amount of RMB121,000,000 to Chong Hing Bank.

Name	Nature of transaction	Relationship with Yuexiu REIT	The balance of bank deposits amount as at 31 December 2022 (RMB)	The highest daily aggregate amount of bank deposits within the 2022 Reporting Year (RMB)	Amount of interest received/receivable within the 2022 Reporting Year (RMB)
Chong Hing Bank	Bank deposits	An associate of the Manager	54,303,591	54,303,591	882,000

### FINANCING OF THE DEFERRED COMPLETION PAYMENT

Name	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2022 Reporting Year	Amount of interest paid/payable within the 2022 Reporting Year (RMB)
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") <sup>(1)</sup>	An associate of the Manager	21 December 2017	20,000	—	—
Yuexiu Property Company Limited ("YXP")	An associate of the Manager	23 December 2021	— <sup>(2)</sup>	—	3,619,000

(1) On 21 December 2018, Yuexiu REIT repaid the deferred completion payment of approximately RMB803,783,000 to GCD (China), the balance of approximately RMB20,000 will be settled upon payment of tax by the counterparty.

(2) On 27 January 2022, Yuexiu REIT has settled the Offshore Repayment Amount (being the Deferred Offshore Repayment Amount) and the interest accrued thereon, which amounted to approximately HK\$4,293 million (being equivalent to approximately RMB3,505 million) in aggregate.



## NAMING RIGHTS AGREEMENT

Name	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount received/receivable for the 2022 Reporting Year (RMB)	Naming Rights Period
YXP	An associate of the Manager	Yuexiu Financial Tower	Naming rights	20,000,000	23 December 2021 to 31 December 2023

## HSBC GROUP\*

Set out below is the information in respect of the connected party transactions involving Yuexiu REIT and the HSBC Group.

(\*Note: "HSBC Group" means The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and its subsidiaries and, unless expressly stated, shall not include the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee except those subsidiaries formed in its capacity as the trustee of Yuexiu REIT)).

## CORPORATE FINANCE TRANSACTIONS AND ORDINARY BANKING SERVICES

The following table sets forth information for the period in relation to the corporate finance transactions and ordinary banking services made between the HSBC Group and Yuexiu REIT within the 2022 Reporting Year:

### ORDINARY BANKING SERVICES

Name	Nature of transaction	Date of agreement	Principal amount	Amount of interest paid/payable within the 2022 Reporting Year
HSBC Group	Loan <sup>(1)</sup>	November 2019	HK\$390,000,000	RMB17,616,000

Name	Nature of transaction	Date of agreement	Nominal amount	Payable as at 31 December 2022
HSBC Group	Foreign Exchange Hedging <sup>(2)</sup>	September 2020	HK\$400,000,000	—
HSBC Group	Foreign Exchange Hedging <sup>(3)</sup>	October 2022	HK\$320,000,000	RMB8,476,000

(1) HSBC Group was one of the lending banks.

(2) HSBC Group was one of the participating banks. Completion of the foreign exchange hedging transaction between HSBC Group and Yuexiu REIT took place during the 2022 Reporting Year.

(3) HSBC Group was one of the participating banks.

## CONNECTED PARTY TRANSACTIONS

### CORPORATE FINANCE TRANSACTIONS

Name	Nature of Transaction	Date of agreement	Amount of fees paid/payable/amortized within the 2022 Reporting Year
HSBC Group	Bond <sup>(1)</sup>	—	RMB2,000

(1) HSBC Group was one of the underwriters.

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, Ever Joint Investment International Limited (“**Ever Joint**”), Long Grace Holdings Limited (“**Long Grace**”), Profit Link Investment International Limited (“**Profit Link**”), San Bright Holdings Limited (“**San Bright**”) and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm’s length and on commercial terms for deposits during the 2022 Reporting Year.

### WAIVER FROM STRICT COMPLIANCE

A waiver from strict compliance with the disclosure requirement and Unitholders’ approval under Chapter 8 of the REIT Code in respect of the transactions with connected persons of the Trustee has been granted by the SFC on 8 December 2005 subject to specific caps on fees payable by Yuexiu REIT for corporate finance services, review by the auditors for each relevant financial period, annual review by the Audit Committee and the INEDs and other terms and conditions. Details of the Waiver and its terms and conditions have been published in the Offering Circular.

### CONFIRMATION FROM TRUSTEE AND MANAGER ON CORPORATE FINANCE TRANSACTIONS WITH THE HSBC GROUP

The Trustee and the Manager both confirm that, with respect to the corporate finance transactions entered into with the HSBC Group under review: (i) the general conditions under the Waiver (details of which were disclosed in Yuexiu REIT’s offering circular dated 12 December 2005) were complied with; and (ii) the Trustee was not involved in the making of any decision to enter into such transaction on behalf of Yuexiu REIT (subject to its duties of oversight under the REIT Code and the Trust Deed).

### CONFIRMATION BY THE INEDS

The INEDs of the Manager confirm that they have reviewed the terms of all relevant connected party transactions including those connected party transactions with the Yuexiu Connected Persons Group and the HSBC Group and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Yuexiu REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to or from Yuexiu REIT than terms available from or to (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement and the Manager’s internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

## CONFIRMATION BY THE AUDITOR OF YUEXIU REIT

PricewaterhouseCoopers, auditor of Yuexiu REIT, was engaged to report on Yuexiu REIT and its subsidiaries' continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions on leasing transactions, property management transactions, tenancy services transactions, construction settlement agency agreement, financing of the deferred completion payment, naming rights agreement, corporate finance transactions and ordinary banking services of loans from pages 252 to 259 of the Annual Report in accordance with the waiver from strict compliance with disclosure requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of auditor's letter has been provided by Yuexiu REIT to the SFC.

## MANAGER'S FEES

During the 2022 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB166,530,000, all of which was settled by the issuance of new Units. For the avoidance of doubt, the services provided by the Manager pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

## TRUSTEE'S FEES

During the 2022 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB12,703,000. For the avoidance of doubt, the services provided by the Trustee pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

## CONNECTED PARTY TRANSACTIONS

### INTERESTS HELD BY THE MANAGER AND ITS DIRECTORS AND CHIEF EXECUTIVE OFFICER

The REIT Code requires that connected persons of Yuexiu REIT shall disclose their interests in Units. In addition, under the provisions of Part XV of the SFO, the Trust Deed is also deemed to be applicable, among other things, to the Manager, the Directors and the Chief Executive Officer of the Manager.

The interests and short positions held by Directors and Chief Executive Officer of the Manager in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed are set out below:

Interests and short positions in the Units:

Name of Director	As at 1 January 2022			As at 31 December 2022		
	Nature of Interest	Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	% Change in Holdings
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Ms. Ou Haijing	Beneficial	1,000	0.000029%	1,000	0.000021%	(0.000008)
Mr. Li Feng	Beneficial	1,825	0.000053%	2,500	0.000052%	(0.000001)
Mr. Zeng Zhizhao	—	Nil	—	Nil	—	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—
Mr. Chen Xiaou	—	Nil	—	Nil	—	—

## HOLDINGS OF SUBSTANTIAL HOLDERS

The following persons have interests or short position in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed:

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2022		As at 31 December 2022		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
GZYX <sup>(1)</sup>	Deemed	2,994,833,139 <sup>(4)</sup>	64.38% <sup>(5)</sup>	2,608,845,007 <sup>(3)</sup>	54.54% <sup>(6)</sup>	(9.84%)
	Total	2,994,833,139 <sup>(4)</sup>	64.38% <sup>(5)</sup>	2,608,845,007 <sup>(3)</sup>	54.54% <sup>(6)</sup>	(9.84%)
Yue Xiu	Beneficial	730,859,885 <sup>(4)</sup>	15.71%	37,428	–	(15.71%)
	Deemed	2,263,973,254 <sup>(4)</sup>	48.67% <sup>(5)</sup>	2,608,807,579 <sup>(3)</sup>	54.54% <sup>(6)</sup>	5.87%
	Total	2,994,833,139 <sup>(4)</sup>	64.38% <sup>(5)</sup>	2,608,845,007 <sup>(3)</sup>	54.54% <sup>(6)</sup>	(9.84%)
YXP <sup>(2)</sup>	Beneficial	–	–	–	–	–
	Deemed	2,166,382,314 <sup>(4)</sup>	46.57% <sup>(5)</sup>	2,234,942,263 <sup>(3)</sup>	46.72% <sup>(6)</sup>	0.15%
	Total	2,166,382,314 <sup>(4)</sup>	46.57% <sup>(5)</sup>	2,234,942,263 <sup>(3)</sup>	46.72% <sup>(6)</sup>	0.15%
Dragon Yield Holding Limited (“Dragon Yield”)	Beneficial	2,003,293,697 <sup>(4)</sup>	43.07% <sup>(5)</sup>	2,014,700,787 <sup>(3)</sup>	42.12% <sup>(6)</sup>	(0.95%)
	Deemed	–	–	–	–	–
	Total	2,003,293,697 <sup>(4)</sup>	43.07% <sup>(5)</sup>	2,014,700,787 <sup>(3)</sup>	42.12% <sup>(6)</sup>	(0.95%)
Beyond Best Global Limited (“BBG”)	Beneficial	–	–	225,000,000	4.71%	4.71%
	Deemed	–	–	2,383,845,007	49.83%	49.83%
	Total	–	–	2,608,845,007 <sup>(7)</sup>	54.54%	54.54%
Radiant World Investment Limited	Deemed	–	–	2,608,845,007	54.54%	54.54%
	Total	–	–	2,608,845,007 <sup>(7)</sup>	54.54%	54.54%
Sun Advance Limited (“SA”)	Deemed	–	–	2,608,845,007	54.54%	54.54%
	Total	–	–	2,608,845,007 <sup>(7)</sup>	54.54%	54.54%
TONG WING CHI	Deemed	–	–	2,608,845,007	54.54%	54.54%
	Total	–	–	2,608,845,007 <sup>(7)</sup>	54.54%	54.54%
Victory Success Consulting Limited	Deemed	–	–	2,608,845,007	54.54%	54.54%
	Total	–	–	2,608,845,007 <sup>(7)</sup>	54.54%	54.54%

## CONNECTED PARTY TRANSACTIONS

(1) Further information in relation to interests of corporations controlled by GZYG as at 31 December 2022:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYG	100.00	Y	37,428	—
Yue Xiu	GZYG	100.00	N	2,608,807,579	—
Bosworth International Limited	Yue Xiu	100.00	Y	7,806,646	—
YXP	Yue Xiu	39.78	N	2,234,942,263	—
Dragon Yield	YXP	100.00	Y	2,014,700,787	—
Novena Pacific Limited	Yue Xiu	100.00	Y	1,937,463	—
Morrison Pacific Limited	Yue Xiu	100.00	Y	541,317	—
Greenwood Pacific Limited	Yue Xiu	100.00	Y	464,898	—
Goldstock International Limited	Yue Xiu	100.00	Y	120,672	—
Yuexiu Capital Holdings Limited ("YXCH")	Yue Xiu	100.00	Y	84,940,000	—
YXCH	Yue Xiu	100.00	N	51,274,376	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,779,944	—
Yue Xiu International Investment Limited ("YXII")	YXP	100.00	Y	183,249,206	—
Golden Harbor Limited ("GH")	YXCH	100.00	N	51,274,376	—
Star Grid Limited	Yue Xiu	100.00	N	276,274,376	—
SA	Star Grid Limited	100.00	N	276,274,376	—
Golden Harbor Limited Partnership ("GHLP")	GH as general partner	0.00	Y	51,274,376	—
GHLP	SA as limited partner	100.00	Y	51,274,376	—
BBG	SA	50.00	Y	225,000,000	—

- (2) The deemed interest as at 31 December 2022 in 2,014,700,787 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of YXP.
- (3) The number of units includes 254,808,584 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to YXP (or YXP'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) Details are included in the offering circular dated 17 December 2021 of Yuexiu REIT.
- (5) After deducting the unissued deferred units, the approximate interest held by GZYG and Yue Xiu will be approximately 42.199%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 40.114% and 36.63% respectively.
- (6) After deducting the unissued deferred units, the approximate interest held by GZYG and Yue Xiu will be approximately 44.506%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 41.393% and 36.789% respectively.
- (7) On 16 June 2022, BBG, owned 50% by Radiant World Investment Limited, entered into a loan agreement with Yue Xiu 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's interest of 55.05% 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.

## HOLDINGS OF SENIOR EXECUTIVES OF THE MANAGER

Interests in the Units held by senior executives of the Manager, being connected persons of Yuexiu REIT, are set out below:

Name of Senior Executive	Nature of interest	As at 1 January 2022		As at 31 December 2022		
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	% Change of interest
Mr. Liu Bihong	Beneficial	225	0.000007%	225	0.0000047%	(0.0000029%)

## HOLDINGS OF OTHER CONNECTED PERSON

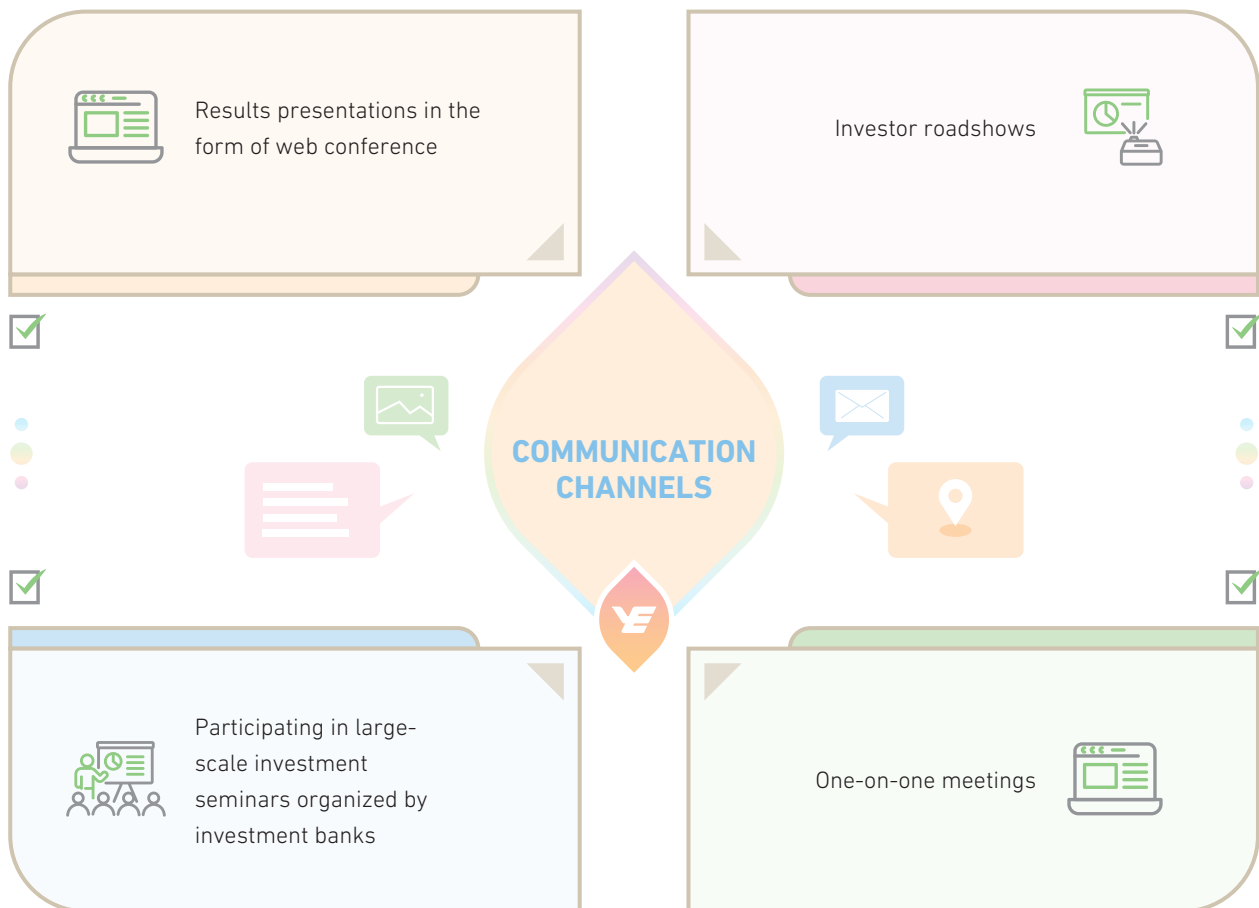
Name of Senior Executive	Nature of interest	As at 1 January 2022		As at 31 December 2022		
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	% Change of interest
Trustee	Deemed <sup>(1)</sup>	0	0%	1,206,400	0.0252%	0.0252%

(1) Associate of the trustee (as defined in the REIT Code) had no beneficial interest in any units as at 31 December 2022.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Colliers International (Hong Kong) Limited holding any Units as at 31 December 2022.

## INVESTOR RELATIONS REPORT

2022 has been a year with pressure to cope with multiple risks and challenges, and the most difficult year in the past three years of pandemic prevention and control. The Managers and the investor management team attached great importance to effective mutual communication with investors and collected relevant suggestions. Due to the impact of the pandemic, we organized results presentations and investor roadshows in the form of web conference, and participated in large-scale investment seminars, results roadshows and one-on-one meetings held by investment banks.





## 2022 MAJOR INVESTOR RELATIONS ACTIVITIES

Month	Venue	Activity
March	Conference calls	Held the investor meeting and press conference for the 2021 annual results presentation
	Conference calls	Participated in the 2021 annual results roadshow organized by DBS and UBS
June	Conference calls	Participated in the 2022 China Real Estate Enterprise Day organized by Credit Suisse
	Conference calls	Participated in the 2022 Asia Pacific Property Investment Summit organized by Citibank
August	Conference calls	Held the investor meeting and press conference for the 2022 interim results presentation
	Conference calls	Participated in the 2022 interim results roadshow organized by DBS



## AWARDS

Presented with the "Listed Company Awards of Excellence 2022" by Hong Kong Economic Journal in 2022

Outstanding Award for Green and Sustainable Loan Issuer (Real Estate Investment Trust Funding) – "Visionary Sustainability-linked Loan Performance Metrics" and "Pioneering Organisation in Climate Disclosure Planning" from Hong Kong Quality Assurance Agency ("HKQAA")

In the past 17 years since the listing of Yuexiu REIT, the manager has always attached great importance to investor relations. With increasing attention from the capital market to Yuexiu REIT, the Manager and the investor relations team will continue to strive to constantly improve the quality and level of effective communication, so as to strengthen and maintain information communication with investors, promote their understanding of Yuexiu REIT, and establish a good market image of Yuexiu REIT.

# PROPERTY VALUATION REPORT

## Yuexiu REIT Asset Management Limited

as the "Manager" of "Yuexiu Real Estate Investment Trust"

17B, Yue Xiu Building,  
No. 160 Lockhart Road,  
Wanchai, Hong Kong

## HSBC Institutional Trust Services (Asia) Limited

as the "Trustee" of "Yuexiu Real Estate Investment Trust"

6th Floor, Tower 1, HSBC Centre,  
No. 1 Sham Mong Road,  
Kowloon, Hong Kong

9 March 2023

Dear Sir or Madam,

### Valuation of:

- (1) Guangzhou International Finance Centre, No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (2) Various Units in White Horse Building, Nos. 14, 16 & 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC
- (3) Various Units and 110 Car Spaces at Basement Levels 1 & 2 in Fortune Plaza, Nos. 114, 116 & 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (4) Various Units and 179 Car Spaces at Basement Levels 1 & 2 in City Development Plaza, Nos. 185, 187 & 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (5) Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (6) Tower 2 & 315 Car Spaces at Basement Levels 1 & 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC
- (7) Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Sub-district, Pudong New Area, Shanghai, the PRC
- (8) Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and Various Car Spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, the PRC
- (9) Yuexiu Financial Tower, No. 28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (10) Units 1 to 3 (inclusive) on 17/F, Yuexiu Building, Nos. 160 – 174 Lockhart Road, Hong Kong
- (11) Units 1 to 3 (inclusive) on 23/F, Yuexiu Building, Nos. 160 – 174 Lockhart Road, Hong Kong

(Together known as the "Properties" and individually the "Property")



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## INSTRUCTIONS

We refer to the instructions received from the Manager and the Trustee of “Yuexiu Real Estate Investment Trust” (“Yuexiu REIT”) (the “Client”) for us to assess the market value of the captured properties interest located in the People’s Republic of China (the “PRC”) and Hong Kong respectively, we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Properties as at 31 December 2022 (the “Valuation Date”), for Accounting Purposes.

## BASIS OF VALUATIONS

Our valuations are provided on the basis of Market Value, which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

## VALUATION STANDARDS

These valuations have been carried out in accordance with the latest edition of the Royal Institution of Chartered Surveyors (the “RICS”) Valuation - Global Standards, the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), incorporating the International Valuation Standards of the International Valuation Standards Council (“IVSC”). We have also complied with the requirements met out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the “REIT Code”) and in accordance with the requirements of the Code on Real Estate Investment Trusts (August 2022) issued by the Securities and Futures Commission.

## QUALIFICATIONS OF THE VALUER

These valuations have been prepared by Ms. Zhirong He (Flora He) (RICS Registration No.:1259301) and Mr. Eric Tsang (RICS Registration No.:1265711, MCIREA Registration No.: 00147731).

Ms. Flora He is the Executive Director and Head of China Valuation and Advisory services team at Colliers. She is suitably qualified to carry out the valuation and has over 18 years’ experience in the valuation of properties of this magnitude and nature in China. Flora is a Fellow Member of the Royal Institution of Chartered Surveyors.

Mr. Eric Tsang, Senior Director of the Valuation and Advisory Services, Asia at Colliers is an experienced competent valuer and has over 20 years’ experience in undertaking valuations of this type in Hong Kong and China. He is a Member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap.417) in the Hong Kong Special Administrative Region, and also a Registered Real Estate Appraiser in the PRC.

We confirm that neither the valuers nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Properties interest.

## PROPERTY VALUATION REPORT

### VALUATION APPROACHES

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and/or offerings of comparable properties. In the course of our valuation, we have principally adopted the Income Capitalisation Method or Discounted Cash Flow Method ("DCF" Method) and cross-checked by the Market Approach for properties located in the PRC. We have principally adopted the Market Approach and cross-checked by the Income Capitalisation Method for properties located in Hong Kong.

**Income Capitalisation Method** estimates the value of properties or assets on a market basis by capitalizing net rental income on a fully leased basis. This method is used when a property or asset is leased out for a specific term(s). This technique considers both the current passing rental income from existing tenancies and the potential future reversionary income at market level, by capitalising both at appropriate rates. In calculating the net rental income for this purpose, deduction is made for outgoings such as property management fees, capital expenditure, vacancy loss, and other necessary expenses.

**DCF Method** is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses

**Market Approach** provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analysing such sales, which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

### SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Client and its legal advisor in respect of the titles of the properties interest in the PRC. We have made enquiries at the Land Registry of the properties in Hong Kong, but we have not searched the original documents nor verified the existence of any amendments, which do not appear in the documents available to us. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, statutory notices, easements, tenure, joint venture agreements, the identification of the property interests and all other relevant matters.

We have also been advised by the Client that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Client which is material to the valuation.

All legal documents disclosed in this letter, the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the properties set out in this letter and the valuation particulars.

## TITLE DOCUMENTS

We have been provided with copies or extracts of the title documents relating to the property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property interests in the PRC or any material encumbrances that might be attached to the property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Properties has been obtained and all payable land premium or land-use rights fees have been fully settled.

We advise that PRC legal opinion should be obtained in order to verify the title ownership of the Properties interests. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All title documents disclosed in this letter, the summary of values and the summary reports are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter, the summary of values and the valuation summary reports.

## ASSUMPTIONS AND CAVEATS

Our valuations have been made on the assumption that the owners can sell the Properties on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Properties.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all Properties are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have conducted the valuations assuming:

- the information about the Properties provided are true and correct;
- the Properties are free from contamination and the ground conditions are satisfactory;
- the full and proper ownership title of the Properties have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements;
- all required approvals and certificates necessary for the development and occupation and use of the Properties have been duly obtained and are in full force and effect;
- the Properties can be freely transferred, mortgaged, sublet or otherwise disposed of in the market;
- The tenanted properties will continue to be occupied and maintained in good order.

## PROPERTY VALUATION REPORT

- Where applicable no structural survey or testing of the services within or connected to the Properties has been carried out. As appropriate we have assumed the Properties are structurally sound, maintained in a condition fit for purpose, with all provided services in working order.
- We have valued the portfolio assuming no reduction in value to reflect any possible diminution in value resulting from a placing of the portfolio on the market together as one at the same time for sale.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value.

Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Property under frequent review.

This valuation report is also subject to our standard Caveats and Assumptions attached at the appendix.

### SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

### SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Properties upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuations have been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Properties were carried out by Flora He, Bill Zhou, Curtise Lee, Kyle Zeng, Wilson Huang, Victor Yu and Anna Yang from 28 November 2022 to 6 January 2023.

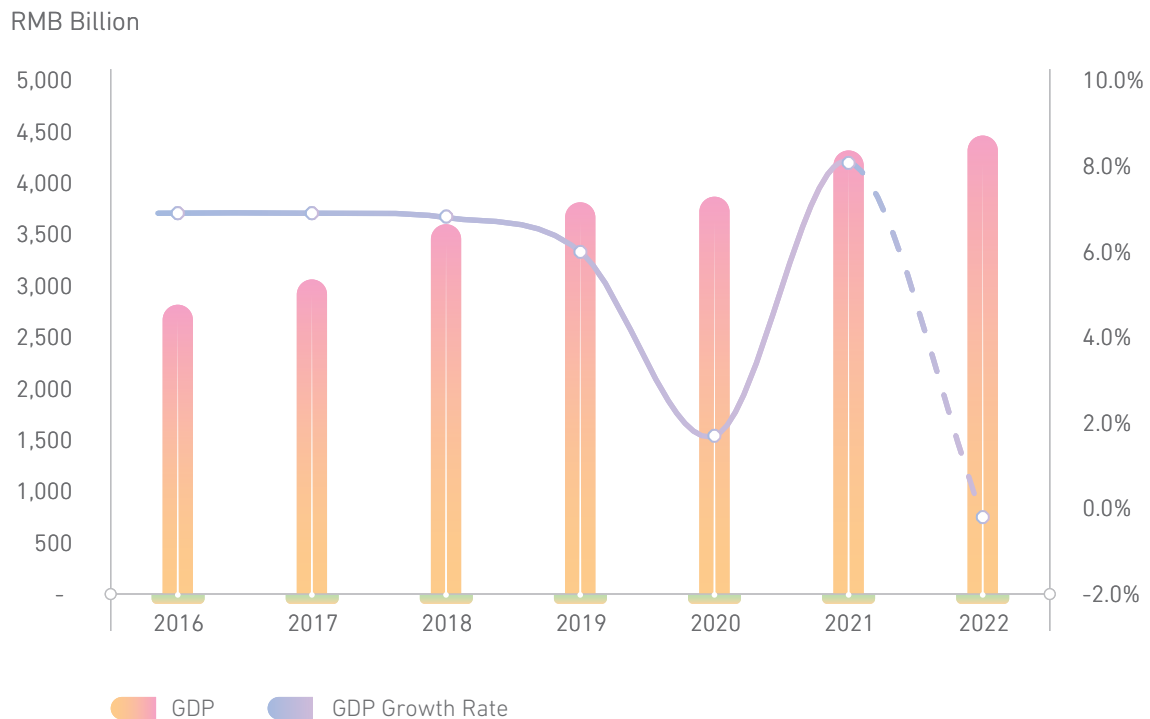
## MARKET COMMENTARY

### SHANGHAI OVERVIEW

Shanghai is one of the largest and most important metropolises in the world with permanent residential population of approximately 24.9 million as of 2021. Shanghai has 16 districts under its jurisdiction and its city proper is geographically divided into two parts by the Huangpu River (黄浦江): Puxi (浦西) and Pudong (浦东). Puxi encompasses the historical centre of the city and is composed of seven central districts on the western bank of the river. Pudong New Area, located east of the river, is a modern and more developed financial district full of high-rise developments, and is home to several special economic zones. The other eight districts are commonly considered as the suburban areas of the city.

Shanghai is well positioned as one of the global centres for international shipping and a national commercial and transportation hub. Over the past two decades, Shanghai has been one of the cities that experienced fast economic growth. Since 2010, the city-level GDP annual growth rate has stabilized ranging 6.5% to 8.0%. In 2021, Shanghai's GDP rebounded 8.1% YOY to about RMB4,321.5 billion. In 2022, influenced by the hovering pandemic, the GDP reached RMB4,465.3 billion, moderately decreased by 0.2% YOY, narrowed by 1.2 pts compared to the first three quarters in 2022. The economic growth of Shanghai is primarily driven by the tertiary service sector, which makes up 74.1% of Shanghai's total GDP. The three largest service sectors are financial services, retail, and IT industries.

### GDP AND GDP GROWTH RATE OF SHANGHAI, 2016 – 2022



Source: Shanghai Statistics Bureau

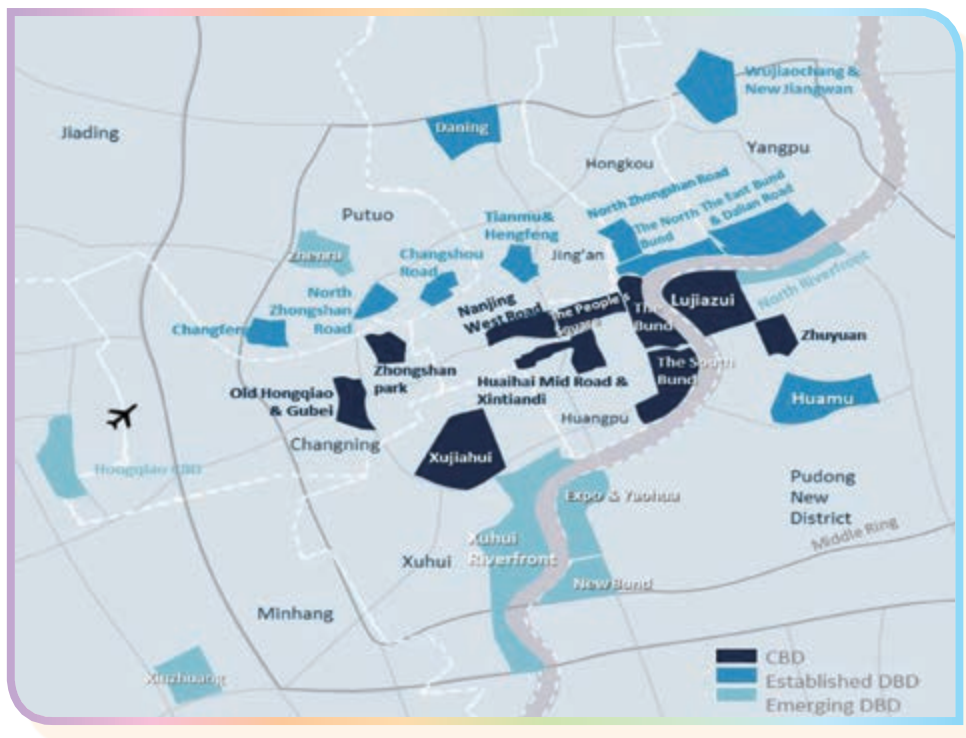
## PROPERTY VALUATION REPORT

### SHANGHAI OFFICE PROPERTY MARKET

As a global financial and commercial centre, Shanghai has attracted a large number of multinational corporations (MNCs) and renowned domestic companies to set up national, regional or global headquarters in the city. According to Shanghai's Statistics Bureau, as of end of 2022, the city housed 891 MNCs, an increase of 60 corporations compared to 2021. Utilised foreign investment in Shanghai remained stable at USD23.9 billion, allowing the city to be one of the most popular destinations for foreign investment nationwide. These robust figures indicate that Shanghai remains highly attractive to international enterprises who look for business expansion in China.

The rapidly growing economy and the influx of corporations, capital and working population have all led to extensive development in Grade A office market in Shanghai. As seen on the map below, the Grade A office market can be generally divided into two segments: Central Business District (CBD) and Decentralised Business District (DBD) areas.

### MAP OF SHANGHAI MAJOR OFFICE SUBMARKETS



Source: Colliers (for identification purposes only)

Shanghai has developed ten CBD submarkets, namely The People's Square (人民廣場), Nanjing West Road (南京西路), Huaihai Mid Road & Xintiandi (淮海中路&新天地), The Bund (外灘), The South Bund (南外灘), Zhongshan park (中山公園), Old Hongqiao & Gubei (虹橋開發區&古北) and Xujiahui (徐家匯) in Puxi, and Lujiazui (陸家嘴) and Zhuyuan (竹園) areas in Pudong. These areas are the most developed submarkets in the city, featuring mature business ambiance. High-profile international and domestic corporations in the finance and professional service sectors are often clustered in these areas. By end-2022, the total stock of Shanghai offices amounted to approximately 15.7 million sq m, up by 7.1% YOY, of which the market stock of Grade A offices in the CBD submarkets totalled about 8.0 million sq m.



Shanghai is also the first city in China to witness the widespread development of DBD office markets. Thanks to the gradually improving public transport system, more and more new buildings with high-quality specifications begin to emerge outside the CBD areas. As of today, there are 10 established DBD submarkets and 7 emerging DBD submarkets in Shanghai, with a total stock of Grade A offices in these submarkets reaching 7.7 million sq m as of Q4 2022.

In Q4 2022, the Shanghai Grade A office market witnessed two new completions, namely Lee Gardens (上海利園辦公樓) and Skyline Tower (麗豐天際中心), both located in Jing'an District (靜安區), adding approximately 114,000 sq m of new supply to the market. Meanwhile, as leasing demand rebounds, the Grade A office market in Shanghai CBD recorded a healthy net absorption of 166,000 sq m, driving the average vacancy rate down to 17.9%. Tenants from professional services, automobile and consumer sectors remained the primary demand drivers.

Average rent of Grade A office in Shanghai CBD submarkets achieved positive growth, reaching RMB9.1 per square metre (psm) per day as of Q4 2022. Particularly, Nanjing West Road (南京西路) commanded the highest rental among all CBD submarkets with average rent reaching RMB12.4 psm per day. In comparison, Hongqiao & Gubei (虹橋&古北) submarket recorded the lowest average rent of RMB6.67 psm per day.

The total future supply of Shanghai Grade A office market from 2023 to 2025 is estimated at 1.0 million sq m for the CBD market and 2.6 million sq m for the DBD market. The future supply is expected to peak in 2023. Accordingly, the vacancy rate shall peak in 2023 and decline to stable level after.

## HANGZHOU OVERVIEW

Hangzhou is located at the southern branch of the Yangtze River Delta. Covering a land area of over 16,000 square kilometres, Hangzhou is one of the six largest metropolitan areas in China and has a population of almost 12.2 million by 2021.

Over the past decade, growth rate of GDP in Hangzhou has been consistently above the average level nationwide, growing from RMB594.9 billion in 2010 to RMB1,875.3 billion in 2022 with the compounded annual growth rate of 10.0%. In 2022, Hangzhou ranked first in terms of GDP among all cities in Zhejiang Province and ninth nationwide, achieving GDP RMB1,875.3 billion with YOY growth of 1.5%.

## PROPERTY VALUATION REPORT

According to the 14th Five-year Plan of Hangzhou, the city is aiming to build a world-class digital industry cluster to accelerate the construction of the Hangzhou National AI Innovation Development Pilot Zone and promote the development of Hangzhou as a national city of cloud computing and blockchain as well as an international hub for digital security and fintech.

### HANGZHOU OFFICE PROPERTY MARKET

In H2 2022, one new project entered the Hangzhou Grade A office market, namely Guoda City Plaza (國大城市廣場), bringing new supply of 23,499 sq m to the market and pushing the total Grade A office stock to approximately 3.6 million sq m. Financial service and IT/tech continued to be the demand drivers with net take-up of approximately 89,015 sq m. Correspondingly, the rental level of Grade A office market in Hangzhou decreased by 5.5% YOY to RMB3.9 psm per day. By submarket, Wulin (武林) and Yunhe (運河) submarkets remained to be the higher submarkets with RMB4.6 psm per day and RMB4.1 psm per day, and the vacancy rate of these two areas were recorded at 18.9% and 33.1% respectively.

### MAP OF HANGZHOU MAJOR OFFICE SUBMARKETS



Source: Colliers (for identification purposes only)

Looking forward, three Grade A office projects, namely Hangzhou Centre (杭州中心), Huanglong Vanke Centre Phase IV (黃龍萬科中心四期) and MixC Centre (杭州萬象世界中心) with combined GFA of approximately 357,000 sq m are scheduled to enter the market in 2023. In the short term, the new supply might push up the vacancy rate. However, considering the growing demand, the rental level shall remain firm in the foreseeable future.

## HANGZHOU RETAIL PROPERTY MARKET

In H2 2022, two new prime retail properties entered the market of Hangzhou, including Hangzhou Science City PowerLong Plaza (杭州科技城寶龍廣場) and Dexin Time 567 (德信時光567). As a result, the total stock of prime retail properties in Hangzhou reached 4.9 million sq m, and the overall vacancy rate remained stable at around 10%.

The market performance of prime retail properties in Hangzhou remained stable in H2 2022. The average ground floor rent of prime retail properties remained flat at around RMB15.0 psm per day in H2 2022. Hubin submarket achieved the highest rent of around RMB30.0 psm per day.

### MAP OF HANGZHOU MAJOR RETAIL SUBMARKETS



Source: Colliers (for identification purposes only)

New supply of prime retail properties in 2023 is forecasted to reach 450,000 sq m, of which the most notable ones include Hangzhou Centre (杭州中心) and Hangzhou Neo Park (杭州NEO PARK未來里), Hangzhou Gongshu PowerLong Plaza (杭州拱墅寶龍廣場), etc. In 2023, the 19<sup>th</sup> Asian Games, the multi-sport event in Asia, is to be held in Hangzhou, which is expected to attract a large number of athletes and visitors from China and the world. The event is expected to be the new growth driver of retail sector in Hangzhou, as many renowned brands are expected to be introduced to Hangzhou retail market. As the leasing demand is expected to recover in 2023, the rental performance of high-quality retail properties in major districts in Hangzhou shall achieve growth in the near future.

## PROPERTY VALUATION REPORT

### WUHAN

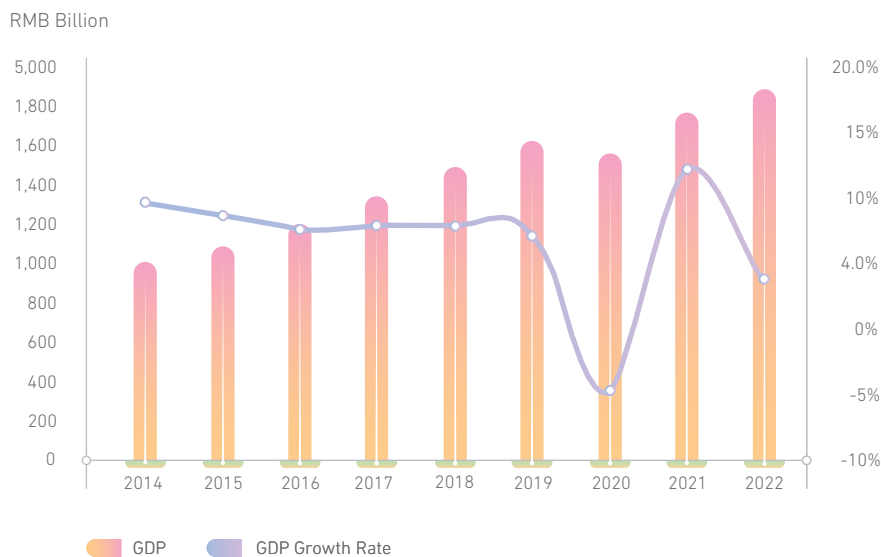
#### OVERVIEW

Wuhan is the capital and most populous city of Hubei Province, and one of the cities with the largest urban areas in China covering a total of 8,569.2 sq kilometres. According to the Statistics Bureau of Wuhan, the city's resident population was recorded at approximately 13.6 million as of the end of 2021. Not only a provincial capital city, Wuhan is also recognised as a political, economic, financial, cultural centre, and a key transport hub in Central China.

Situated on the eastern Jiangnan Plain, which is at the intersection of the middle reaches of the Yangtze and Han Rivers, Wuhan is divided into three parts: Hankou (漢口), Hanyang (漢陽) and Wuchang (武昌). Hankou forms part of the urban core area, which is recognised as the traditional city centre of Wuhan. Wuchang, situated east of the Han River, is commonly known as the political, cultural and information centre. It is also home to the Hubei Provincial Committee and Hubei Provincial Government. More than 200 Multinational Corporations (MNCs), financial institutions, business enterprises and company headquarters are in Wuchang. Hanyang is known as the origin point of modern industrialisation in China and has remained to be an important industrial hub in Wuhan.

Wuhan's economy was growing rapidly from 2014 to 2019. Over the six years, the annual GDP growth rates fell between 7% and 10%. As of end-2020, the city realised a GDP of RMB1.6 trillion, down by 4.7% YOY due to the COVID-19. However, as the pandemic eased, the economy has been recovering rapidly. As of 2021, the GDP increased by 12.2% YOY to RMB1,771.7 billion. Under the continuous affection of the epidemic, its GDP growth rate was recorded at 4.0%, with a total GDP value of RMB1,886.6 billion. The proportion of the primary, secondary, and tertiary industries was 2.5:35.6:61.9, with the tertiary industry being the fastest growing sector. The retail industry increased by 2.1% YOY to RMB693.6 billion as of 2022.

#### GDP AND GDP GROWTH RATE: WUHAN, 2014 – 2022



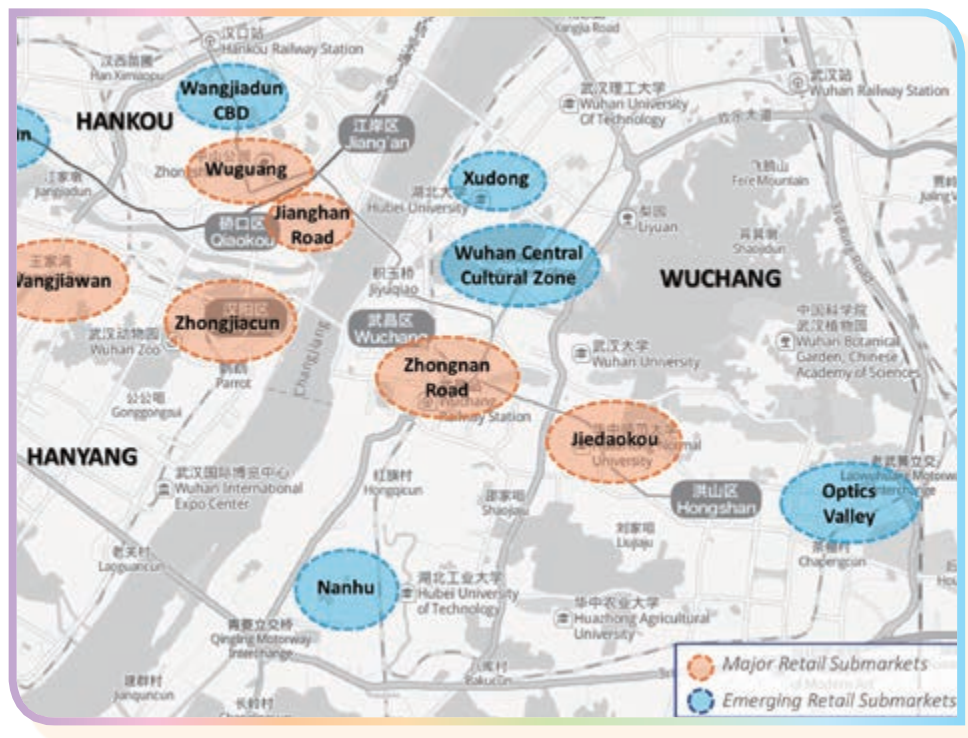
Source: Statistics Bureau of Wuhan

## WUHAN'S RETAIL PROPERTY MARKET

Currently, there are six major retail areas and six emerging retail areas scattered in Hankou, Wuchang and Hanyang catchments. Hankou Catchment is the traditional downtown area hosting two well-established retail areas: Wuguang Area (武廣商圈) and Jiangnan Road Area (江漢路商圈). Wuchang Catchment, situated along the eastern bank of the Yangtze River, is home to the Hubei Provincial Government (湖北省政府) and two major retail areas - Zhongnan Road Area (中南路商圈) and Jiedaokou Area (街道口商圈). Hanyang Catchment has two major retail areas, namely Zhongjiacun Area (鐘家村商圈) and Wangjiawan Area (王家灣商圈). As Wuhan's Metro system extends, retail areas including Gutian (古田), Nanhu (南湖), Wangjiadun CBD (王家墩中央商務區), Xudong (徐東), Wuhan Central Culture Zone (武漢中央文化區) and Optics Valley (光穀) have witnessed more modern shopping facilities entering the market.

As of 2022, the total retail stock of the city recorded at around 3.5 million sq m. Consumption demand continued to recover, and retailers from the F&B and life service sectors saw active taking-up in Q4 2022. The market was under pressure amidst the challenging external environment during 2022, with the citywide vacancy rate ticking up to 14.2%. Meanwhile, the average ground floor rental rate of high-end shopping malls based on net lettable area (NLA) also decreased, recording at about RMB18.0 psm per day.

### MAJOR RETAIL AREAS IN WUHAN



Source: Colliers (for identification purposes only)

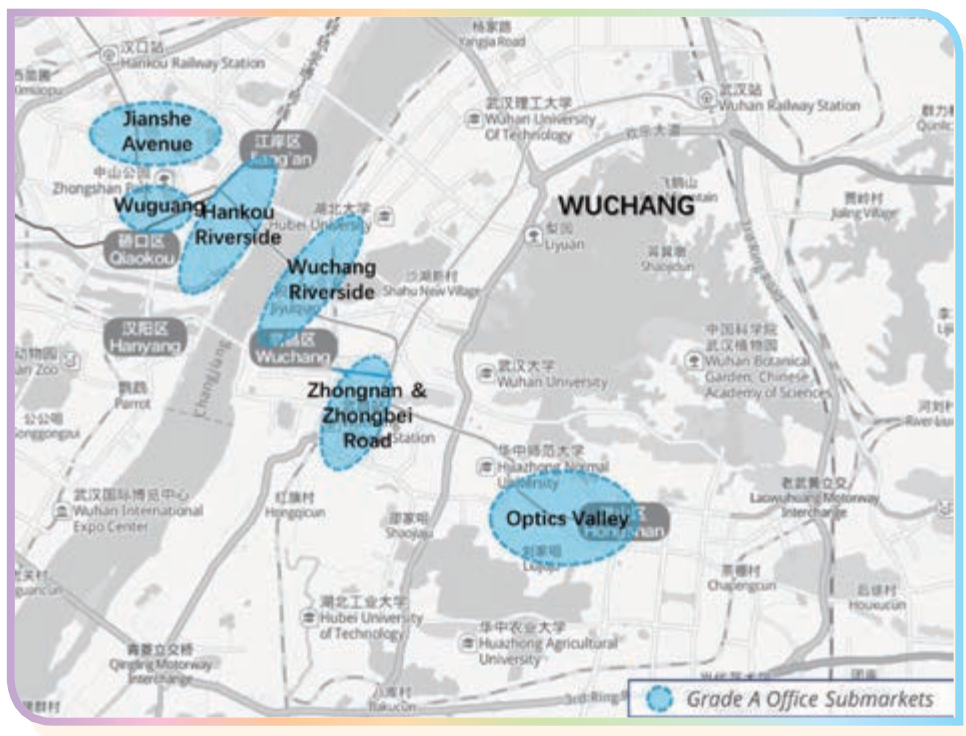
## PROPERTY VALUATION REPORT

### WUHAN'S OFFICE PROPERTY MARKET

Wuhan's Grade A offices mainly cluster in seven submarkets, including Jianshe Avenue (建設大道), Wuguang (武廣), Jiefang Avenue (解放大道), Hankou Riverside (漢口沿江), Wuchang Riverside (武昌沿江), Zhongnan & Zhongbei Road (中南中北路) and Optics Valley (光穀).

In 2022, some Grade A office projects entered the market, including Corporate Avenue, China Overseas Centre and Vanke Future Centre, etc. with a total new supply of 500,000 sq m. As of 2022, the total market stock recorded at 2.95 million sq m. In the aspect of leasing demand, IT, finance and service sectors were the top three industries. The demand was mainly driven by the robust market pre-leasing effect of new projects and the great contribution of the headquarter economy, the continuous lower rent leasing strategy. As at Q4 2022, citywide average vacancy rate increased by 1.5 ppts YOY to around 34.2% due to the large new supply in 2022, while the average rent also decreased slightly to RMB3.4 psm per day.

### MAJOR OFFICE CATCHMENTS IN WUHAN



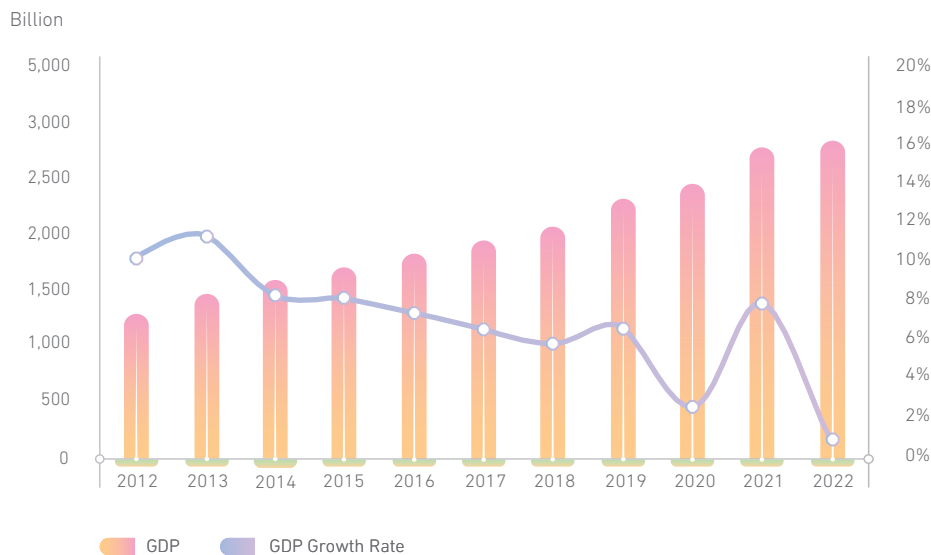
Source: Colliers (for identification purposes only)

## GUANGZHOU OVERVIEW

Guangzhou is the capital of Guangdong Province, acting as the political, economic, scientific, technological, educational, and cultural centre. It is also the important central city, an international trade centre and a comprehensive transportation hub in China. By end of 2021, Guangzhou has a total area of 7,434.4 square kilometres and a total permanent population of about 18.8 million.

As of 2022, Guangzhou recorded GDP of RMB2,883.9 billion, with a year-on-year (YOY) increase of 1.0% due to the continuous effect of the epidemic in 2022. The tertiary industry contributed to RMB2,061.1 billion with 0.97% YOY growth. From January to November of 2022, the operating revenue of the for-profit service industry above designated size increased by 4.2% YOY. Especially, the high-tech service industry has strong development momentum. In 2022, the city's total retail sales of consumer goods were RMB1,030.0 billion, with a YOY increase of 1.7%. The city's fixed asset investment decrease by 2.1% YOY affected by the challenging external environment and the pandemic affection.

### GDP AND GDP GROWTH RATE OF GUANGZHOU, 2012 – 2022



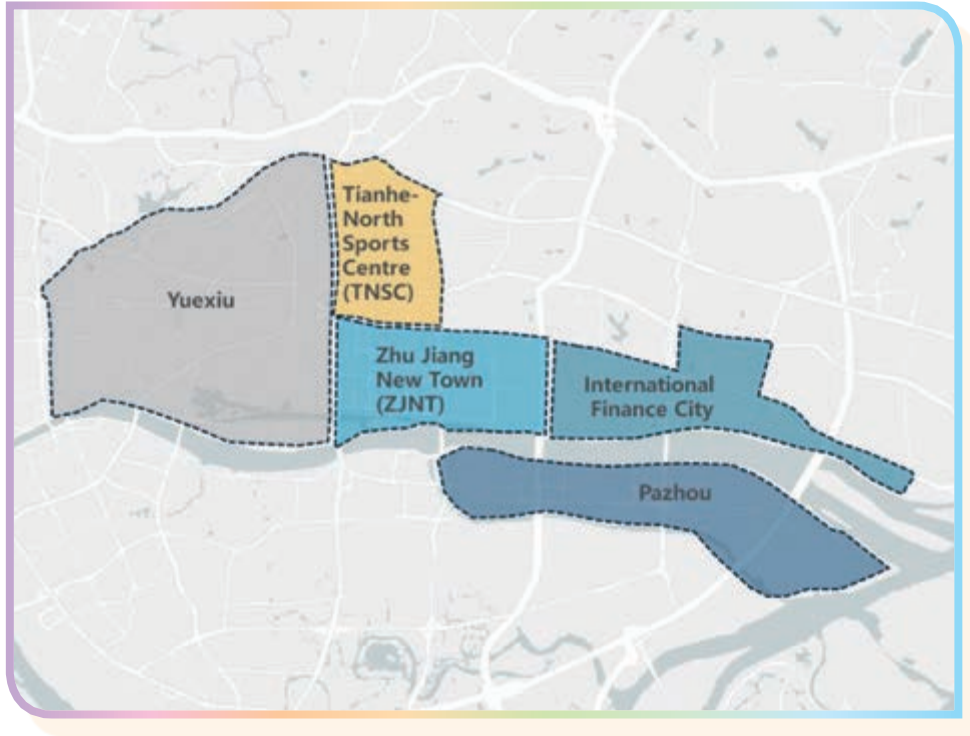
Source: Guangzhou Statistics Bureau

## GUANGZHOU OFFICE PROPERTY MARKET

Grade A offices in Guangzhou are mainly clustered in five areas: Tianhe North – Sports Centre (TNSC), Zhujiang New Town (PRNT), Yuexiu, International Finance City, and Pazhou. Tianhe North – Sports Centre is the traditional CBD and second largest business area in terms of office space, hosting many state-owned enterprises, governmental agencies and institutes. Zhujiang New Town is the current CBD of Guangzhou, hosting 13 MNC China headquarters, 140 Fortune 500 enterprises, among many other domestic private business entities. Yuexiu submarket is the traditional business trade centre with companies mainly in cultural, educational, domestic & international trade, and tourism industries. Pazhou and International Finance City are the two emerging markets. Pazhou is positioned as the regional headquarter base, aiming to attract domestic and international companies to allocate their regional headquarters in the area. International Finance City is a newly planned financial CBD specialised in building comprehensive financial industry chain in Guangzhou.

## PROPERTY VALUATION REPORT

### MAP OF GUANGZHOU OFFICE SUBMARKETS



Source: Colliers

In 2022, 9 Grade A office projects entered the market with a total volume of 554,000 sq m, decreasing 41% YOY. In this year, uncertainties brought by the challenging external economic environment and the pandemic weighed heavily on Guangzhou's office leasing market. Lots of enterprises kept cautious towards business expansions and further narrowed their budget controls by cutting off some office spaces. As a result, the absorption decreased more than 50% YOY, pushing the citywide vacancy rate increasing to 15%. Landlords continued to adopt low rent measures and provided more flexible financial terms in rental negotiations to attract tenants. The overall rent level continued to decrease, recorded at RMB150 psm per month as of end of 2022. Tianhe-North Sports Centre is a traditional business district and Pazhou is an emerging submarket. As more tenants chose to relocate to Pazhou to see for more upgraded office space and low rent, Tianhe-North Sports Centre recorded the vacancy rate increasing to 9.9%, and the rent slightly decreasing to RMB163 per sq m per month.

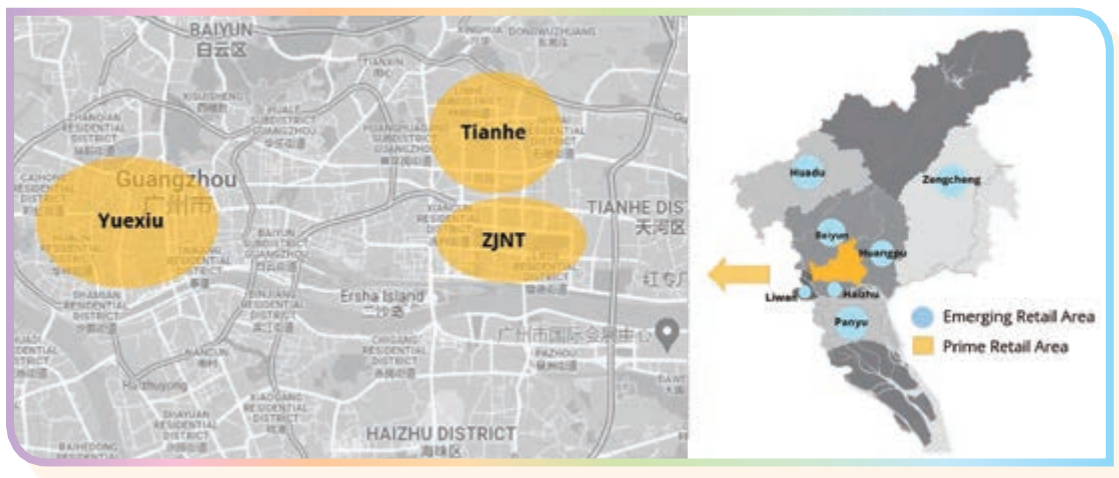
Looking forward, it is estimated that 12 new office projects with a total of 870,000 sq m will enter the market. Driven by the optimization of epidemic control measures, the office market activity is expected to be improved and the rent will stop falling in 2023.



## GUANGZHOU RETAIL PROPERTY MARKET

Guangzhou retail market has evolved from large department stores to multi-purpose, modern service shopping centres today, forming three prime retail catchments: Tianhe, Zhujiang New Town, and Yuexiu. Benefiting from the sophisticated commercial environment and established infrastructure, Tianhe owns the highest rental price in the city. The tenants in the area are some of the most sought-after in the world, which include but not limited to high-end fashion and accessories, luxury jewellery, premier restaurants, boutique stores, as well as some other fashionable F&B chains. Zhujiang New Town has the top-notch business atmosphere and serves mainly the retail customer base of mid to high end white-collar work force within the catchment. Yuexiu retail catchment has been a traditional point of interest with central location and convenient accessibility. However, due to the aged facilities and dated management styles, Yuexiu retail operators are facing the difficulties to attract and retain leading tenants. Apart from the three prime retail catchments, the development of emerging retail areas starts to speed up. Currently, there are seven emerging retail areas: Haizhu, Li'wan, Baiyun, Panyu, Huangpu, Zengcheng, and Huadu.

### MAP OF GUANGZHOU MAJOR RETAIL SUBMARKETS



Source: Colliers

By end 2022, the total prime retail stock in Guangzhou topped 7.2 million sq m, including 504,000 sq m new supply of 5 projects entering the market, with 3 projects in the emerging areas. Tianhe and Yuexiu remain to be the two biggest markets. Tianhe particularly, is the only submarket with more than one million sq m retail space. Emerging areas are experiencing rapid development, the market share of which accounted for approximately 60% of total retail stock.

## PROPERTY VALUATION REPORT

### RETAIL NEW SUPPLY IN GUANGZHOU, 2022

Project	Area	GFA (sq m)	Opening Date
KWG U FUN (合景悠方知識城)	Huangpu	140,000	2022-04
PHOENIX PLAZA (廣州天河鳳凰匯)	Tianhe	50,000	2022-07
CINDA JINMAO SQUARE·YITIAN HOLIDAY PLAZA (廣州信達金茂廣場·益田假日世界)	Tianhe	120,000	2022-10
KINGBUY PLAZA (廣州太和金鉞天地)	Baiyun	137,000	2022-12
CITY OF DESIGN · TIME PLAZA (廣州設計之都·時光匯)	Baiyun	57,000	2022-12

Source: Colliers

In 2022, the retail absorption of Guangzhou recorded only 110,000 sq m, the lowest level in the past three years, with a YOY decrease of nearly 60%, mainly because retailers are generally cautious at business expansion. Affected by the decline in leasing demand, the citywide vacancy rate rose to 14.7% at the end of 2022. As a result, the city's average ground floor rent decreased to RMB700 psm per month. The rent level in Tianhe and ZJNT retail catchments are relatively stable while other catchments are more seriously affected by the epidemic.

In terms of new stores expansion, fashion clothing, F&B, accessories and jewelry, new energy vehicles and sports and entertainment sectors ranked the top six in 2022, accounting for 67% of the total absorption. Some fashion clothing brands made their first debut in Guangzhou at Tianhe catchment, including Miyake, Balischia, Marni Market and ARKET.

In 2023, five retail projects in Guangzhou may enter the market, with a total volume of 320,000 sq m. The first project of Joy City (大悅城) in Guangzhou can be expected to enter the market. As the impact of the epidemic begin to weak, the retail activity and leasing demand of retail properties will recover in the near future.

### GUANGZHOU HOTEL MARKET

Guangzhou is the capital of Guangdong Province with a long history and rich cultural resources. The tourism and business sectors are the major demand driver for the hotel industry in Guangzhou. According to the Statistics Bureau of Guangzhou, the city realised a total income in tourism industry of RMB445.5 billion in 2019, indicating a year-on-year (YOY) increase of 11.1%. In the same year, Guangzhou hosted 67.7 million tourists who stayed overnight, the number of which grew by 3.7% YOY. Impacted by the COVID 19, both the total tourism income and overnight tourism arrivals declined sharply. However, it is expected to rebound after the optimisation of the epidemic controlling measures. The number of officially registered star-rated hotels dropped from 160 in 2019 to 119 as of Q3 2022 under the great impact of the pandemic. Most five-star hotels are located in Tianhe District, Huangpu District, Baiyun District, Huadu District and Nansha District.

### STATISTICS ON TOURISM AND HOTEL: GUANGZHOU, 2015 – Q3 2022

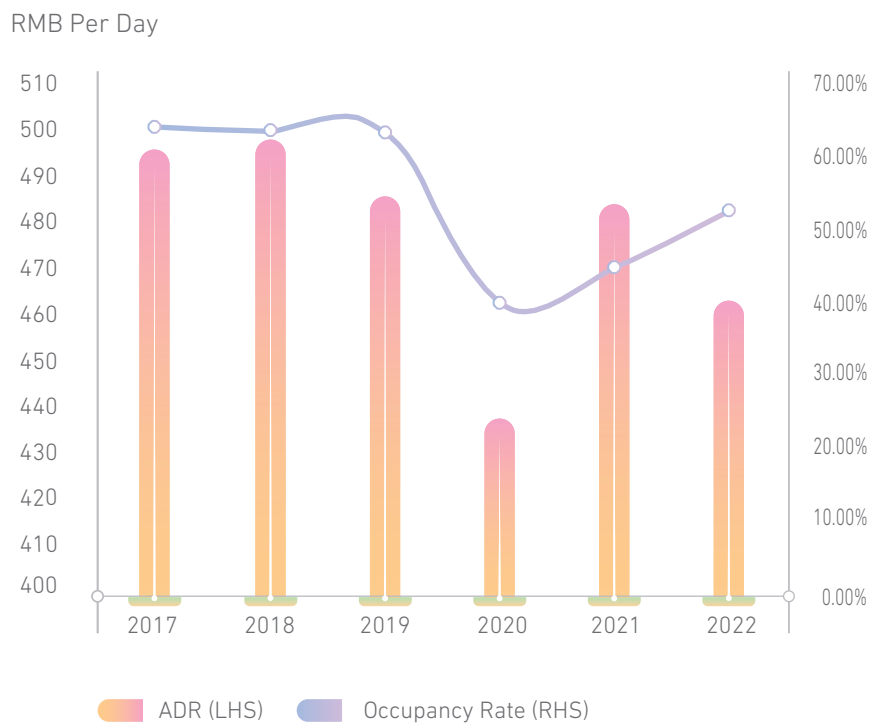
Item	Unit	2015	2016	2017	2018	2019	2020	2021	Q1-Q3 2022
Total Income from Tourism	RMB billion	287.2	321.7	361.4	400.8	445.5	267.9	288.6	n/a
Overnight Tourism Arrivals	million	56.6	59.4	62.8	65.3	67.7	41.8	43.1	28.9
Number of Star-rated Hotels	#	204	188	180	170	160	158	126	119

Source: Statistics Bureau of Guangzhou

There has been a shift of demand for Guangzhou hotel market. Back to 2010s, state owned enterprises and government related institutes were the main income contributors. Later, as the anti-corruption policy came into effect, the major revenue stream shifted to business guests. Corporate and business travellers became the major demand force. To fill in the guest rooms, four and five-star hotels decreased the room rates in order to retain the revenue source. Leisure demand also started to pick up. From 2014 to 2019, the ADR of star-rated hotels stayed between RMB480 to RMB500 per night.

Further affected by the COVID-19 outbreak in 2020, the number of both tourists and business travellers dropped significantly. In 2020, the ADR had decreased by 10.0% to RMB439 per night. The occupancy rate of star-rated hotels, on the other hand, has been relatively stable, falling in between 61% and 66% from 2014 to 2019. As of Q4 2020, the average occupancy rate has dropped to about 40.8%. As of Q3 2022, the occupancy rate has been climbing up to 53.7% and ADR recorded at RMB465 per night.

### AVERAGE ADR AND OCCUPANCY RATE OF STAR-RATED HOTELS: GUANGZHOU, 2017 – Q3 2022



Source: Ministry of Culture and Tourism of the PRC

### GUANGZHOU'S SERVICED APARTMENT MARKET

Guangzhou has been an internationally renowned gateway city that attracts foreign investment and expat workers. Under the context of Greater Bay Area, the increasingly seamless integration of capital and resource in between the key cities, such as Hong Kong, Macau, and Shenzhen, has been boosting Guangzhou's economic development. The business dynamic has drawn more and more expat executives and high-income Chinese individuals to settle down, therefore enlarging the tenant base of serviced apartments.

The major serviced apartment submarkets in Guangzhou are centred around the traditional business and office centres as well as the higher-income housing areas, such as Tianhe North, Zhujiang New Town, and Yuexiu. There are mainly two types of serviced apartments: the Mid to high-end serviced apartment projects mainly operated by leading hospitality

## PROPERTY VALUATION REPORT

operators such as Ascott, Fraser, Hyatt, Four Seasons, Ritz Carlton, and high-end housing projects run by local property developers such as the Canton Residence (廣粵公館) and Gold Arch Residence (金亞花園). Situated in prime commercial and business centres adjacent to premium office buildings, luxury shopping malls and tourism attractions, these serviced apartments are well equipped to accommodate to the demands and needs from both corporate and individual tenants.

In year 2020, the occupancy rate decreased dramatically, and those apartments were purely relied on long-term guests without generating any revenue from short-term rent market. Fortunately, benefiting from the rejuvenation of market since the normalization of epidemic situation, the occupancy rate had climbed gradually to 82% at the end of year 2022. As of end of 2022, the rental level of Guangzhou serviced apartment market was recorded at RMB4.5 per sq m per day.

### HONG KONG

#### HONG KONG'S OFFICE PROPERTY MARKET

The overall office market continued to show signs of recovery in Q4 2022, despite indicators such as real GDP YoY growth recording at -4.5% in Q3 2022, according to the Hong Kong Government. Despite the interest rate hikes, the impact of the lingering pandemic is waning off, the office market appeared to recover in Q4 2022. Moreover, the improvement in business sentiment has led to the office leasing market started normalising and gaining momentum.

In Q3 2022, the overall office leasing market has seen a continued recovery trend, largely due to the alleviation of the fifth wave of COVID-19 and the relaxation of quarantine measures, which improved local economic activity and business sentiment. The eased measures facilitated business travels and drove leasing demand from multinational corporations that reactivated their deferred office relocation plans owing to the COVID-19 pandemic. Demand increased by 0.6 million sq. ft. QoQ, resulting in a registered 577,000 sq. ft. of net take-up, which was the highest volume since Q2 2019.

Even under the impact of the lingering pandemic and interest rate hikes, the office market appeared to recover in Q3 2022 especially for the office leasing market. According to Colliers Research, overall net take-up in Q3 2022 was the highest volume since Q2 2019 after excluding the impact of new office supply.

Decentralisation remained another critical driver. Occupiers are still dynamic at the moment with cases of flight-to-quality or consolidation moves given 4.4 million sq. ft. of new leasing options were completed in 2022. On the other hand, demand is expected to gradually pick up as the relaxation of anti-epidemic measures facilitates tourism and business travel such as international conferences, exhibitions and events, which improves local economic activity and business sentiment. Withstanding the rich capital supply and capital flow, landlords are implementing strategies to enhance office qualities to retain existing tenants.

Despite the improving marketing sentiment, external headwinds still exist and may weigh on a strong rebound, such as further interest rate hikes which are projected to end by Q1 2023, strong local currency, weak stock market performance, and global political tensions. However, with the Chinese government easing its strict "Zero-Covid" policy and cross-border travel, we believe mainland firms will become the key demand driver for offices in the next few years.

In view of the Wan Chai submarket area, rental adjustment is also expected given the increasing vacancy rate and potential supply. Demand in Wan Chai will also be driven by some mainland financial companies and flight-to-quality relocations by occupiers from non-core areas.

In the 2017 Policy Address, it was proposed that the three Wan Chai Government buildings would be rebuilt into a 57-storeys convention and exhibition facilities, hotels and grade A office buildings. In the long term, with the record-breaking tender price for Site 3 of New Central Harbourfront and other new key office supply, including the Wan Chai Government Office redevelopment project, the vitalised Wanchai area is expected to support long-term rental levels.

According to the Rating and Valuation Department, the Wan Chai/Causeway Bay rental level dropped by 1.3% from June 2022 to November 2022. In the short term, cost optimisation will remain as a priority coming out of the fifth wave of COVID-19 and into Q1 2023. As a result of the improved market sentiment and rising trend of demand, we anticipate net absorption of office spaces in Wan Chai will likely happen in the first half of 2023.

## LIMITING CONDITIONS

Neither the whole or any part of this valuation report nor any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed for the stated purpose and shall be relied upon by each of the Trustee, the Manager and the Unitholders of the Yuexiu REIT, and no responsibility is accepted to any third party for the whole or any part of its content.

## REMARKS

We hereby confirmed that:

- We have no present or prospective interest in the Properties and are not a related corporation of nor have relationship with the Manager, the Trustee or any other party or parties which Yuexiu REIT is contracting with;
- We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties;
- Our opinions have been given on fair and unbiased basis; and
- We are acting as an independent valuer as defined in the latest edition of "RICS Global Valuation Standards", the "HKIS Valuation Standards" published by the RICS and the HKIS, which incorporates with the IVSC.

## PROPERTY VALUATION REPORT

### CURRENCY

Unless otherwise stated, monetary figures stated in this report are in Renminbi (RMB) for PRC properties and in Hong Kong Dollars (HKD) for Hong Kong properties.

Our summary of values and valuation summary report are attached hereto.

Yours faithfully,

For and on behalf of

**Colliers International (Hong Kong) Limited**

**Zhirong He (Flora He)**

*Registered Valuer (RICS)*

*FRICS MCOMFIN*

*Executive Director, Valuation and Advisory Services, China*

**Eric Tsang**

*Registered Valuer (RICS)*

*BSc (Hons), MRICS, MHKIS, RPS (GP), MCIREA*

*Senior Director, Valuation & Advisory Services, Asia*

Note: Ms. Zhirong He is a Registered Valuer with over 18 years' experience in valuation of properties in PRC.

Mr. Eric Tsang is a professional surveyor who has over 20 years' experience in valuation of properties in Hong Kong and PRC.

## SUMMARY OF VALUES CONTAINED IN VALUATION SUMMARIES

PROPERTY NO.	PROPERTIES LOCATED IN THE PRC	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
1.	Guangzhou International Finance Centre No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB18,720,000,000
2.	Various Units in White Horse Building, Nos. 14, 16 & 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	RMB4,861,000,000
3.	Various Units and 110 Car Spaces at Basement Levels 1 & 2 in Fortune Plaza, Nos. 114, 116 & 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB1,252,000,000
4.	Various Units and 179 Car Spaces at Basement Levels 1 & 2 in City Development Plaza, Nos. 185, 187 & 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB1,044,000,000
5.	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB955,000,000
6.	Tower 2 & 315 Car Spaces at Basement Levels 1 & 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jiangan District, Hangzhou, Zhejiang Province, The PRC	RMB625,000,000

## PROPERTY VALUATION REPORT

PROPERTY NO.	PROPERTIES LOCATED IN THE PRC	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
7.	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Sub-district, Pudong New Area, Shanghai, The PRC	RMB3,031,000,000
8.	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and Various Car Spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, The PRC	RMB3,598,000,000
9.	Yuexiu Financial Tower, No. 28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB8,158,000,000
<b>Grand-Total</b>		<b>RMB42,244,000,000</b>

PROPERTY NO.	PROPERTIES LOCATED IN HONG KONG	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
10.	Units 1 to 3 (inclusive) on 17/F, Yuexiu Building, Nos. 160 – 174 Lockhart Road, Hong Kong	HKD63,300,000
11.	Units 1 to 3 (inclusive) on 23/F, Yuexiu Building, Nos. 160 – 174 Lockhart Road, Hong Kong	HKD65,700,000
<b>Grand-Total</b>		<b>HKD129,000,000</b>



## VALUATION SUMMARY – PROPERTY 1

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
1	Guangzhou International Finance Centre, No.5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The Property, known as Guangzhou International Finance Centre ("GZ-IFC"), was completed in 2010 and 2011 in stages and it comprises a mixed-use development with a 103-storey above ground ("main building"), a 28-storey annex building, and a 4-storey basement erected on a site with a site area of 27,508.06 square metres (sq m). The Property consists of retail, office, hotel, serviced apartment and 1,703 underground car spaces with a total gross floor area (GFA) of 457,356.68 sq m.</p> <p>Retail Podium</p> <p>The retail podium is located in the annex building of the Property from Basement 1 to Level 5 with a total GFA of 46,989.16 sq m, including a staff canteen with a GFA of 2,698.93 sq m on Level 4.</p> <p>Office</p> <p>The office portion is provided on Levels 4 to 65 in the main building and Levels 27 and 28 in the annex building of the Property having a total GFA of 183,539.65 sq m.</p> <p>Hotel</p> <p>The hotel portion of the Property is currently operated as a luxury hotel under the tradename of "Four Seasons Hotel Guangzhou" providing 344 hotel guestrooms at Levels 68 to 100 of the main building of the Property with ancillary facilities such as food and beverage, conference rooms, fitness center, SPA, swimming pool and so on having a total GFA of 89,198.83 sq m.</p>	At the Valuation Date, retail, office and carpark portions of the Property having occupancy rates of 95.9%, 84.2% and 100% were let to various tenants at an aggregate monthly rent of approximately RMB36,500,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date of 28 February 2031; whilst the hotel and serviced apartment portion of the Property were operated by third parties under respective consultancy agreement(s) and management agreement(s).	RMB18,720,000,000 (RENMINBI EIGHTEEN BILLION SEVEN HUNDRED TWENTY MILLION)

## PROPERTY VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
		<p>Serviced Apartment</p> <p>The serviced apartment portion of the Property is currently operated as a serviced apartment under the tradename of "Ascott IFC Guangzhou" at Levels 6 to 28 of the annex building of the Property with 314 units having a total GFA of about 51,102.26 sq m including a clubhouse on Level 6 having a GFA of 2,866.96 sq m.</p> <p>Carpark &amp; Ancillary Areas</p> <p>The Property includes 1,703 underground car spaces as well as ancillary areas for refuge floor, machine and facilities' room having a GFA of 71,082.79 sq m and 15,443.99 sq m respectively.</p> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of the Property have been granted for office use for a term of 50 years from 23 June 2008; for tourism and retail uses for a term of 40 years from 23 June 2008.</p>		

### Notes:

- i) Pursuant to Yue (2017) Guangzhou Shi Bu Dong Chan Quan Di 00216281 Hao and three hundred and eighty copy of real estate ownership certificates, the ownership of the Property is vested in 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.).
- ii) Pursuant to a set of copy of various real estate ownership certificates, Unit 620, Unit 720, Unit 730, Unit 820, Unit 830, Unit 920, Unit 930, Unit 1020, Unit 1030, Unit 1120, Unit 1130, Unit 1220, Unit 1230, Unit 1320, Unit 1330, Unit 1420, Unit 1430, Unit 1520, Unit 1530, Unit 1620, Unit 1630, Unit 1720, Unit 1730, Unit 1820, Unit 1830, Unit 1920, Unit 1930, Unit 2020, Unit 2030, Unit 2120, Unit 2130, Unit 2220, Unit 2230, Unit 2320, Unit 2330, Unit 2420, Unit 2430, Unit 2520, Unit 2530, Unit 2620, Unit 2630, Unit 2720, Unit 2820, Unit 4501, Unit 4502, Unit 4503, Unit 4504, Unit 4505, Unit 4506, Unit 4601, Unit 4602, Unit 4603, Unit 4604, Unit 4605, Unit 4606, Unit 4701, Unit 4702, Unit 4703, Unit 4704, Unit 4705, Unit 4706, Unit 5001, Unit 5002, Unit 5003, Unit 5004, Unit 5005, Unit 5006, Unit 5101, Unit 5102, Unit 5103, Unit 5104, Unit 5105, Unit 5106, Unit 5201, Unit 5202, Unit 5203, Unit 5204, Unit 5205, Unit 5206, Unit 5301, Unit 5302, Unit 5303, Unit 5304, Unit 5305, Unit 5306, Unit 5307, Unit 5401, Unit 5402, Unit 5403, Unit 5404, Unit 5405, Unit 5406, Unit 5407, Unit 5501, Unit 5502, Unit 5503, Unit 5504, Unit 5505, Unit 5506, Unit 5507, Unit 5601, Unit 5602, Unit 5603, Unit 5604, Unit 5605, Unit 5606, Unit 5607, Unit 5701, Unit 5702, Unit 5703, Unit 5704, Unit 5705, Unit 5706, Unit 5707, Unit 5801, Unit 5802, Unit 5803, Unit 5804, Unit 5805, Unit 5806, Unit 5807, Unit 6101, Unit 6201, Unit 6301, Unit 6401, Unit 6501, Unit 6801, Unit 6901, Units 7001 to 7201, Units 7401 to 8001, Units 8201 to 10001, Unit 2730 and Unit 2830 with an aggregate GFA of 184,003.34 sq m are subject to mortgages.
- iii) The hotel portion of the Property is subject to and carries the benefits to a hotel operating agreement and a hotel consultancy agreement for an initial term of 15 years renewable for a further term of 10 years from the date of opening at a consultancy fee of 1.75% on total revenue, a basic management fee of 0.25% on total revenue and an incentive management fee varied from 2.0% to 8.0% on Gross Operating Profit in each financial year depends on operating performance.

iv) The serviced apartment portion of the Property is subject to and carries the benefits to an operation contract for an initial term of 10 years renewable for a further term of 10 years from the date of opening at a basic management fee of 2.0% on total revenue and an incentive management fee varied from 3.0% to 6.0% on adjusted Gross Operating Profits in each financial year.

v) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Retail	46,727.28	44,788.26	82,200,000
Office	183,539.65	154,591.32	339,600,000
Carpark	71,082.79	71,082.79	16,700,000
<b>Total</b>	<b>301,349.72</b>	<b>270,462.37</b>	<b>438,500,000</b>

vi) Annual net property income exclusive of value-added tax as at the Valuation Date and GFA breakdown of the hotel portion and serviced apartment of the Property are tabulated as follows:

Use	Gross Floor Area (sq m)	No. of Unit/ Guestroom	Annual Net Property Income (approx.)
Hotel	89,198.83	344	29,000,000
Serviced Apartment	51,102.26	314	51,000,000
<b>Total</b>	<b>140,301.09</b>	<b>658</b>	<b>80,000,000</b>

vii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	6.5%
1	2	0.6%
2	3	4.4%
3	4	1.7%
4	5	12.1%
5	6	7.3%
6	7	7.9%
7	8	0.6%
8	9	58.9%
9	10 or more	0.0%
<b>Total</b>		<b>100.0%</b>

## PROPERTY VALUATION REPORT

viii) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the retail portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	12.5%
In 2024	6.2%
In 2025	69.0%
In 2026	6.1%
In 2027 and afterward	6.2%
<b>Total</b>	<b>100.0%</b>

ix) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the office portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	23.5%
1	2	33.1%
2	3	22.9%
3	4	11.6%
4	5	5.0%
5	6	3.1%
6	7	0.0%
7	8	0.0%
8	9	0.8%
9	10 or more	0.0%
<b>Total</b>		<b>100.0%</b>

x) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the office portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	20.6%
In 2024	36.7%
In 2025	22.4%
In 2026	11.3%
In 2027 and afterward	9.0%
<b>Total</b>	<b>100.0%</b>

xi) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value(s) of the Property.

xii) As advised of the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

xiii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum
Office	Income Capitalisation Method	Term Yield	3.50% per annum
		Reversion Yield	4.00% per annum
Hotel	DCF Method	Average Daily Rate	1,981
		Occupancy Rate	70% in Year-1 of Projection
		Discount Rate	7.25% per annum
Serviced Apartment	DCF Method	Average Daily Rate	1,057
		Occupancy Rate	85% in Year-1 of Projection
		Discount Rate	7.00% per annum
Carpark	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum

xiv) Breakdown market values of the Property as at the Valuation Date area listed as follows:

Portion	Income Capitalisation Method	DCF Method	Market Value
Retail	2,810,000,000	NAP	2,810,000,000
Office	10,654,000,000	NAP	10,654,000,000
Hotel	NAP	2,474,000,000	2,474,000,000
Serviced Apartment	NAP	2,183,000,000	2,183,000,000
Carpark	599,000,000	NAP	599,000,000
<b>Total</b>			<b>18,720,000,000</b>

xv) The estimated net yield of the Property is 2.77% which is derived from the estimated rental received for the retail, office, and carpark portion as well as annual net property income from the hotel and serviced apartment portions in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

xvi) We have been requested to provide the notional apportionment of land and building elements of the hotel portion of the Property based on market value of the hotel portion of the Property as at the Valuation Date. Our opinion of the building element of the hotel portion of the Property represents our estimate of the new replacement cost of such portion including professional fees and finance charges, from which deductions are made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The land element of the hotel portion of the Property is arrived by deducting the building element of the hotel portion of the Property from its market value. We are of the opinion that the notional apportionment the land and building elements of the hotel portion of the Property base on the market value as at the Valuation Date are RMB1,033,000,000 (RENMINBI ONE BILLION AND THIRTY THREE MILLION) and RMB1,441,000,000 (RENMINBI ONE BILLION FOUR HUNDRED FORTY ONE MILLION) respectively. Kindly note that the said apportioned values should not be used other than financial reporting purpose.

xvii) We have been requested to provide the notional apportionment of land and building elements of the serviced apartment portion of the Property based on market value of the serviced apartment portion of the Property as at the Valuation Date. Our opinion of the building element of the serviced apartment portion of the Property represents our estimate of the new replacement cost of such portion including professional fees and finance charges, from which deductions are made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The land element of the serviced apartment portion of the Property is arrived by deducting the building element of the serviced apartment portion of the Property from its market value. We are of the opinion that the notional apportionment the land and building elements of the hotel portion of the Property base on the market value as at the Valuation Date are RMB1,441,000,000 (RENMINBI ONE BILLION FOUR HUNDRED FORTY ONE MILLION) and RMB742,000,000 (RENMINBI SEVEN HUNDRED FORTY TWO MILLION) respectively. Kindly note that the said apportioned values should not be used other than financial reporting purpose.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 2

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022																						
2	Various Units in White Horse Building, Nos. 14, 16 & 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	<p>The Property comprises Level LG (Lower Ground) to Level 8 of White Horse Building, which is a 10-storey (including a lower ground floor mainly for management office and storage uses and a basement carpark) wholesale market completed in about 1990 with two extensions furnished between 1995 to 1997 and 1998 to 2000 respectively.</p> <p>The Property has a total GFA of 50,199.35 sq m, with details as below:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>LG (Storage)</td> <td>1,121.68</td> </tr> <tr> <td>Level 1 (Commercial)</td> <td>7,667.04</td> </tr> <tr> <td>Level 2 (Commercial)</td> <td>7,199.80</td> </tr> <tr> <td>Level 3 (Commercial)</td> <td>7,684.91</td> </tr> <tr> <td>Level 4 (Commercial)</td> <td>7,695.56</td> </tr> <tr> <td>Level 5 (Commercial)</td> <td>7,466.39</td> </tr> <tr> <td>Level 6 (Commercial)</td> <td>7,443.90</td> </tr> <tr> <td>Level 7 (Commercial)</td> <td>2,003.54</td> </tr> <tr> <td>Level 8 (Commercial)</td> <td>1,916.53</td> </tr> <tr> <td><b>Total</b></td> <td><b>50,199.35</b></td> </tr> </tbody> </table>	Level (Use)	Gross Floor Area (sq m)	LG (Storage)	1,121.68	Level 1 (Commercial)	7,667.04	Level 2 (Commercial)	7,199.80	Level 3 (Commercial)	7,684.91	Level 4 (Commercial)	7,695.56	Level 5 (Commercial)	7,466.39	Level 6 (Commercial)	7,443.90	Level 7 (Commercial)	2,003.54	Level 8 (Commercial)	1,916.53	<b>Total</b>	<b>50,199.35</b>	<p>At the Valuation Date, the Property having an occupancy rate of 78.6% was let to various tenants at an aggregate monthly rent of approximately RMB20,600,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 December 2027.</p>	RMB4,861,000,000 (RENMINBI FOUR BILLION EIGHT HUNDRED SIXTY ONE MILLION)
Level (Use)	Gross Floor Area (sq m)																									
LG (Storage)	1,121.68																									
Level 1 (Commercial)	7,667.04																									
Level 2 (Commercial)	7,199.80																									
Level 3 (Commercial)	7,684.91																									
Level 4 (Commercial)	7,695.56																									
Level 5 (Commercial)	7,466.39																									
Level 6 (Commercial)	7,443.90																									
Level 7 (Commercial)	2,003.54																									
Level 8 (Commercial)	1,916.53																									
<b>Total</b>	<b>50,199.35</b>																									
		<p>Pursuant to the real estate ownership certificates provided, the land-use rights of Level LG, portion of Level 4, and Level 5 to Level 8 with a GFA of 20,483.40 sq m of the Property have been granted for a term of 50 years commenced from 7 June 2005 zoned for storage and office uses; the land-use rights of Level 1 to Level 3 and the remaining portion of Level 4 with a GFA of 29,715.95 sq m of the Property have been granted for a term of 40 years commenced from 7 June 2005 zoned for commercial use.</p>																								

Notes:

i) Pursuant to Yue Fang Di Quan Zheng Sui Zi Di 0140018848 Hao and nine copy of real estate ownership certificates, the ownership of the Property is vested in 柏達投資有限公司 (Partat Investment Limited).

ii) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	50,128.90	39,447.09	246,900,000
<b>Total</b>	<b>50,128.90</b>	<b>39,447.09</b>	<b>246,900,000</b>

iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	19.2%
1	2	20.6%
2	3	33.7%
3	4	19.3%
4	5	6.4%
5	6	0.8%
<b>Total</b>		<b>100.0%</b>

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	21.7%
In 2024	34.0%
In 2025	22.6%
In 2026	19.4%
In 2027 and afterward	2.3%
<b>Total</b>	<b>100.0%</b>

v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.

vi) As advised of the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield	6.75% per annum
		Reversion Yield	7.25% per annum

viii) The estimated net yield of the Property is 5.08% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 3

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022										
3	Various Units and 110 Car Spaces at Basement Levels 1 & 2 in Fortune Plaza, Nos. 114, 116 & 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	<p>The Property is large majority portion in Fortune Plaza which comprises a 30-storey office ("Tower East") and a 20-storey office tower ("Tower West") erected on a 6-storey retail podium and a 2-storey basement car park, which is completed in 2003.</p> <p>The Property has a total GFA of 42,763.49 sq m, including 110 car spaces of approximately 1,408.29 sq m at Basement Levels 1 and 2 with details as below:</p> <table border="1"> <thead> <tr> <th>Certificated Use</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>17,316.42</td> </tr> <tr> <td>Office</td> <td>24,038.78</td> </tr> <tr> <td>Carpark</td> <td>1,408.29</td> </tr> <tr> <td><b>Total</b></td> <td><b>42,763.49</b></td> </tr> </tbody> </table> <p>Pursuant to the Real Estate Ownership Certificates provided, the land-use rights of the Property with a total GFA of 17,316.42 sq m have been granted for a term of 40 years commenced from 26 November 2002 zoned for commercial uses; the land-use rights of the property with a total GFA of 24,038.78 sq m have been granted for a term of 50 years commenced from 26 November 2002 zoned for office use; the land-use rights of the property with a total GFA of 1,408.29 sq m have been granted for a term of 50 years commenced from 26 November 2002 zoned for car park use.</p>	Certificated Use	Gross Floor Area (sq m)	Commercial	17,316.42	Office	24,038.78	Carpark	1,408.29	<b>Total</b>	<b>42,763.49</b>	<p>At the Valuation Date, majority retail and office portion of the Property having an occupancy rate of 92.7% was let to various tenants at an aggregate monthly rent of approximately RMB5,700,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 May 2028.</p> <p>The car park spaces were subject to a master lease agreement expiring on 18 November 2023 at a monthly rent approximately RMB204,000.</p>	RMB1,252,000,000 (RENMINBI ONE BILLION TWO HUNDRED FIFTY TWO MILLION)
Certificated Use	Gross Floor Area (sq m)													
Commercial	17,316.42													
Office	24,038.78													
Carpark	1,408.29													
<b>Total</b>	<b>42,763.49</b>													



Notes:

- i) Pursuant to the copy of real estate ownership certificates, the ownership of the Property with a total GFA of 41,764.48 sqm is vested in 金峰有限公司 (Moon King Limited).
- ii) Pursuant to the copy of real estate ownership certificates, the ownership of Unit 1701 of Tower East of the Property, having a total GFA of 999.01 sqm is vested in 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.).
- iii) Yuexiu REIT holds the following units in Fortune Plaza as of the Valuation Date.

Portion	Use	Level/Unit
Basement	Carpark	Basement Level 1 and Level 2
Retail Podium	Commercial	Unit 109, Level 2, Level 3, Level 4 and Level 5
Tower East	Office	Units 801, 802, 803, 805, 806, 808, 903, 905, 906, 908, 1101, 1102, 1108, 1201, 1202, 1203, 1205, 1206, 1208, 1301, 1302, 1303, 1305, 1306, 1308, 1401, 1402, 1403, 1405, 1406, 1408, 1701, 1901, 1902, 1903, 1905, 1906, 1908, 2501 & 2601, 2705, 2801, 3401 and 3501 & 3601
Tower East	Commercial	Level 37
Tower West	Office	Level 8, Level 9, Level 10, Units 1101, 1102, 1103, 1105, 1106, 1108, 1201, 1202, 1203, 1205, 1206, 1208, 1301, 1302, 1303, 1305, 1306, 1308, 1401, 1402, 1403, Level 15, Level 16, Level 17, Level 18, Units 1902, 1903, 1905, 1906, 2401 & 2501 and Level 26
Tower West	Commercial	Level 27

- iv) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	3,853.07	3,713.07	12,700,000
Office	37,577.94	34,674.92	56,300,000
Carpark	1,408.29	1,408.29	2,400,000
<b>Total</b>	<b>42,839.30</b>	<b>39,796.28</b>	<b>71,400,000</b>

## PROPERTY VALUATION REPORT

- v) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	4.2%
1	2	40.4%
2	3	14.6%
3	4	18.1%
4	5	22.1%
5	6	0.6%
<b>Total</b>		<b>100.0%</b>

- vi) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	12.5%
In 2024	28.3%
In 2025	30.8%
In 2026	15.2%
In 2027 and afterward	13.2%
<b>Total</b>	<b>100.0%</b>

- vii) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.
- viii) As advised of the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.
- ix) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield	6.50% per annum
		Reversion Yield	7.00% per annum
Office	Income Capitalisation Method	Term Yield	5.25% per annum
		Reversion Yield	5.75% per annum
Carpark	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum

- x) The estimated net yield of the Property is 5.70% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## VALUATION SUMMARY – PROPERTY 4

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022										
4	Various Units and 179 Car Spaces at Basement Levels 1 & 2 in City Development Plaza, Nos. 185, 187 & 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	<p>The Property is large majority portion of City Development Plaza comprising a 28-storey office and commercial building erected on a 2-storey car park, which is completed in 1997.</p> <p>The Property has a total GFA of 44,501.61 sq m, including 179 car spaces of approximately 2,104.25 sq m at Basement Levels 1 and 2 with details as below:</p>	<p>At the Valuation Date, majority retail and office portion of the Property having an occupancy rate of 82.0% was let to various tenants at an aggregate monthly rent of approximately RMB4,500,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 December 2027.</p>	<p><b>RMB1,044,000,000</b> (RENMINBI ONE BILLION AND FORTY FOUR MILLION)</p>										
		<table border="1"> <thead> <tr> <th data-bbox="451 750 707 782">Certificated Use</th> <th data-bbox="715 750 970 782">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 793 707 825">Commercial</td> <td data-bbox="715 793 970 825">11,757.54</td> </tr> <tr> <td data-bbox="451 825 707 858">Office</td> <td data-bbox="715 825 970 858">30,639.82</td> </tr> <tr> <td data-bbox="451 858 707 890">Carpark</td> <td data-bbox="715 858 970 890">2,104.25</td> </tr> <tr> <td data-bbox="451 901 707 922"><b>Total</b></td> <td data-bbox="715 901 970 922"><b>44,501.61</b></td> </tr> </tbody> </table>	Certificated Use	Gross Floor Area (sq m)	Commercial	11,757.54	Office	30,639.82	Carpark	2,104.25	<b>Total</b>	<b>44,501.61</b>	<p>The car park spaces were subject to a master lease agreement expiring on 18 November 2023 at a monthly rent approximately RMB330,000.</p>	
Certificated Use	Gross Floor Area (sq m)													
Commercial	11,757.54													
Office	30,639.82													
Carpark	2,104.25													
<b>Total</b>	<b>44,501.61</b>													
		<p>Pursuant to the Real Estate Ownership Certificates provided, the land-use rights of the Property with a total GFA of 11,757.54 sq m have been granted for a term of 40 years commenced from 27 January 1997 zoned for commercial uses; the land-use rights of the Property with a GFA of 30,639.82 sq m have been granted for a term of 50 years commenced from 27 January 1997 zoned for office use; the land-use rights of the property with a total GFA of 2,104.25 sq m have been granted for a term of 50 years commenced from 27 January 1997 zoned for car park use.</p>												

## PROPERTY VALUATION REPORT

### Notes:

- i) Pursuant to copy of real estate ownership certificates, the ownership of the Property with a total GFA of 44,501.61 sqm is vested in 福建地產投資有限公司 (Full Estate Investment Limited).
- ii) Yuexiu REIT holds the following units in City Development Plaza as of the Valuation Date.

Portion	Use	Level/Unit
Basement	Carpark	Basement Level 1 and Level 2
Commercial	Commercial	Units 101, 102, 103, 201, 202 and Level 3
Office	Office	Units 6A, 6C, 6D, 6E, 6F, 6G, 6I, 6J, 7A, 7H, 7I, 7J, 8C, 8D, 8E, 8F, 8G, 8H, 9D, 9E, 9F, 9G, 9H, 10A, 10C, 10D, 10E, 10F, 10G, 10H, 10I, 11A, 11B, 11C, 11D, 11E, 11F, 11G, 11H, 11I, 11J, Level 16, Units 17A, 17B, 17C, 17D, 17E, 17F, 17G, 17I, 17J, 18A, 18B, 18C, 18D, 18E, 18F, 18G, 18H, 18I, 18J, 19A, 19B, 19C, 19D, 19E, 19F, 19G, 19H, 19I, 19J, 20A, 20B, 20C, 20D, 20E, 20F, 20G, 20H, 20J, 21A, 21B, 21C, 21D, 21E, 21F, 21G, 21H, 21I, 21J, 22A, 22B, 22C, 22D, 22E, 22F, 22G, 22H, 22I, 22J, 23A, 23B, 23C, 23D, 23E, 23F, 23G, 23H, 23I, 23J, 24A, 24B, 24C, 24D, 24E, 24F, 24G, 24H, 24I, 24J, 25A, 25B, 25C, 25D, 25E, 25F, 25G, 25H, 25I, 25J, 26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H, 26I, 26J, 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H, 27I, 27J, 28A, 28B, 28C, 28D, 28E, 28F, 28G, 28H, 28I, 28J

- iii) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	11,757.54	10,222.84	20,300,000
Office	30,639.82	24,563.96	33,700,000
Carpark	2,104.25	2,104.25	4,000,000
<b>Total</b>	<b>44,501.61</b>	<b>36,891.05</b>	<b>58,000,000</b>

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	17.6%
1	2	5.0%
2	3	19.8%
3	4	11.0%
4	5	30.1%
5	6	16.5%
<b>Total</b>		<b>100.0%</b>

- v) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	27.3%
In 2024	13.5%
In 2025	23.1%
In 2026	31.6%
In 2027 and afterward	4.5%
<b>Total</b>	<b>100.0%</b>

- vi) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.
- vii) As advised of the Manager, the property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.
- viii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield Reversion Yield	6.50% per annum 7.00% per annum
Office	Income Capitalisation Method	Term Yield Reversion Yield	5.75% per annum 6.25% per annum
Carpark	Income Capitalisation Method	Term Yield Reversion Yield	3.85% per annum 4.35% per annum

- ix) The estimated net yield of the Property is 5.56% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 5

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022																						
5	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	<p>The Property is a retail podium portion from Basement Level 1 to Level 6 of Victory Plaza, which was completed in 2003.</p> <p>The Property has a total GFA of 27,698.14 sq m, with details as below:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Basement (101)</td> <td>1,809.21</td> </tr> <tr> <td>Level 1 (101)</td> <td>473.71</td> </tr> <tr> <td>Level 1 (102)</td> <td>1,553.52</td> </tr> <tr> <td>Level 1 (Others)</td> <td>1,006.22</td> </tr> <tr> <td>Level 2</td> <td>3,968.92</td> </tr> <tr> <td>Level 3</td> <td>4,756.74</td> </tr> <tr> <td>Level 4</td> <td>4,756.74</td> </tr> <tr> <td>Level 5</td> <td>4,769.85</td> </tr> <tr> <td>Level 6</td> <td>4,603.23</td> </tr> <tr> <td><b>Total</b></td> <td><b>27,698.14</b></td> </tr> </tbody> </table> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of Basement Level 1 to Level 6 with a total GFA of 27,698.14 sq m of the Property have been granted for a term of 40 years commenced from 8 March 2004 zoned for commercial uses.</p>	Level (Use)	Gross Floor Area (sq m)	Basement (101)	1,809.21	Level 1 (101)	473.71	Level 1 (102)	1,553.52	Level 1 (Others)	1,006.22	Level 2	3,968.92	Level 3	4,756.74	Level 4	4,756.74	Level 5	4,769.85	Level 6	4,603.23	<b>Total</b>	<b>27,698.14</b>	At the Valuation Date, the Property having an occupancy rate of 93.5% was let to various tenants at an aggregate monthly rent of approximately RMB5,500,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 October 2028.	<b>RMB955,000,000</b> (RENMINBI NINE HUNDRED FIFTY FIVE MILLION)
Level (Use)	Gross Floor Area (sq m)																									
Basement (101)	1,809.21																									
Level 1 (101)	473.71																									
Level 1 (102)	1,553.52																									
Level 1 (Others)	1,006.22																									
Level 2	3,968.92																									
Level 3	4,756.74																									
Level 4	4,756.74																									
Level 5	4,769.85																									
Level 6	4,603.23																									
<b>Total</b>	<b>27,698.14</b>																									

Notes:

- Pursuant to copy of real estate ownership certificates, the ownership of the Property with a total GFA of 27,698.14 sqm is vested in 京澳有限公司 (Keen Ocean Limited).
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	27,262.27	25,498.69	66,000,000
<b>Total</b>	<b>27,262.27</b>	<b>25,498.69</b>	<b>66,000,000</b>

- iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	44.8%
1	2	6.4%
2	3	9.1%
3	4	9.3%
4	5	9.1%
5	6	21.3%
<b>Total</b>		<b>100.0%</b>

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	44.8%
In 2024	6.4%
In 2025	9.1%
In 2026	9.3%
In 2027 and afterward	30.4%
<b>Total</b>	<b>100.0%</b>

- v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.
- vi) As advised of the Manager, the property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.
- vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Reversion Yield	7.00% per annum
		Term Yield	6.50% per annum

- viii) The estimated net yield of the Property is 6.91% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 6

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022										
6	Tower 2 & 315 Car Spaces at Basement Levels 1 & 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, The PRC	<p>Completed in 2017, the Property comprises the Tower 2 of Hangzhou Victory Business Center which consists of an 18-storey office building (including retail units on both Levels 1 and 2) over-mounting a 2-storey Basement car park.</p> <p>The Property has a total GFA of approximately 40,148.41 sq m including 315 car spaces (including 80 mechanical car spaces and 23 public car spaces) at Basement Levels 1 and 2 with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>2,353.21</td> </tr> <tr> <td>Office</td> <td>20,131.62</td> </tr> <tr> <td>Car Park</td> <td>17,663.58</td> </tr> <tr> <td><b>Total</b></td> <td><b>40,148.41</b></td> </tr> </tbody> </table>	Level (Use)	Gross Floor Area (sq m)	Retail	2,353.21	Office	20,131.62	Car Park	17,663.58	<b>Total</b>	<b>40,148.41</b>	<p>At the Valuation Date, the retail and office portion of the Property having an occupancy rate of 96.9% was let to various tenants at an aggregate monthly rent of approximately RMB2,300,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 December 2027. Whilst the car park spaces were subject to a master lease agreement expiring on 31 December 2023 at a monthly rent approximately RMB190,000.</p>	<p><b>RMB625,000,000</b> (RENMINBI SIX HUNDRED TWENTY FIVE MILLION)</p>
Level (Use)	Gross Floor Area (sq m)													
Retail	2,353.21													
Office	20,131.62													
Car Park	17,663.58													
<b>Total</b>	<b>40,148.41</b>													
		<p>Pursuant to the real estate ownership certificates provided, the land use rights of the Property have been granted for a term due to expire on 3 July 2054 for commercial services use.</p>												

#### Notes:

- Pursuant to ten copies of real estate ownership certificates, the ownership of the Property is vested in 杭州越輝房地產開發有限公司 for a term due to expire on 3 July 2054 for commercial services use.
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Office	20,131.62	19,454.37	24,200,000
Retail	2,353.21	2,334.24	3,100,000
Car Parks	17,663.58	17,663.58	2,300,000
<b>Total</b>	<b>40,148.41</b>	<b>39,452.19</b>	<b>29,600,000</b>



iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0.0%
1	2	7.3%
2	3	49.0%
3	4	2.2%
4	5	16.6%
5	6	24.9%
<b>Total</b>		<b>100.0%</b>

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	21.0%
In 2024	53.4%
In 2025	20.8%
In 2026	1.7%
In 2027 and afterward	3.1%
<b>Total</b>	<b>100.0%</b>

v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.

vi) As advised of the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum
Office	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum
Car Park	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum

viii) The estimated net yield of the Property is approximately 4.74% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 7

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022																
7	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Sub-district, Pudong New Area, Shanghai, The PRC	<p>Completed in 2010, the Property is a 25-storey commercial building with a 2-storey basement. According to the information provided by the Client, Levels 1 and 2 and part of Basement Level 1 are for retail use, other parts of basement are for car parking purpose, and Levels 3-25 except for the refuge floor on 14th floor are used for office.</p> <p>The Property has a site area of approximately 10,641.00 sq m and a total GFA of 62,139.35 sq m, with details as below:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Basement Level 1 (Partially), Levels 1 &amp; 2 (Retail)</td> <td>6,256.70</td> </tr> <tr> <td>Levels 3-25 (Office)</td> <td>39,769.63</td> </tr> <tr> <td>Basement Levels 1&amp;2 (Car Park)</td> <td>13,502.58</td> </tr> <tr> <td>Bicycle Car Parks</td> <td>1,296.18</td> </tr> <tr> <td>Management Office</td> <td>276.53</td> </tr> <tr> <td>Refuge Floor</td> <td>1,037.73</td> </tr> <tr> <td><b>Total</b></td> <td><b>62,139.35</b></td> </tr> </tbody> </table> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of the Property have been granted for a term of 50 years commenced from 7 January 2005 to 6 January 2055 zoned for retail and office uses.</p>	Level (Use)	Gross Floor Area (sq m)	Basement Level 1 (Partially), Levels 1 & 2 (Retail)	6,256.70	Levels 3-25 (Office)	39,769.63	Basement Levels 1&2 (Car Park)	13,502.58	Bicycle Car Parks	1,296.18	Management Office	276.53	Refuge Floor	1,037.73	<b>Total</b>	<b>62,139.35</b>	<p>At the Valuation Date, the retail and office portions of the Property having an occupancy rate of 90.3% was let to various tenants at an aggregate monthly rent of approximately RMB7,300,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 December 2027.</p> <p>The Car Spaces were leased out and expired on 31 December 2023, with a monthly rent of approximately RMB143,000.</p>	<p><b>RMB3,031,000,000</b> (RENMINBI THREE BILLION AND THIRTY ONE MILLION)</p>
Level (Use)	Gross Floor Area (sq m)																			
Basement Level 1 (Partially), Levels 1 & 2 (Retail)	6,256.70																			
Levels 3-25 (Office)	39,769.63																			
Basement Levels 1&2 (Car Park)	13,502.58																			
Bicycle Car Parks	1,296.18																			
Management Office	276.53																			
Refuge Floor	1,037.73																			
<b>Total</b>	<b>62,139.35</b>																			

#### Notes:

- Pursuant to the copy of Shanghai Certificate of Real Estate Ownership (Hu (2019) Pu Zi Bu Dong Chan Quan Di 129581 Hao), the ownership of the Property is vested in 上海宏嘉房地產開發有限公司 (Shanghai Hong Jia Real Estate Development Co., Ltd.).
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Retail	6,256.70	6,256.70	14,500,000
Office	39,769.63	35,296.94	73,200,000
Car Parks	13,502.58	13,502.58	1,700,000
<b>Total</b>	<b>59,528.91</b>	<b>55,056.22</b>	<b>89,400,000</b>

iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	7.9%
1	2	9.1%
2	3	44.8%
3	4	21.7%
4	5	14.9%
5	6	1.6%
<b>Total</b>		<b>100.0%</b>

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	37.5%
In 2024	28.6%
In 2025	26.5%
In 2026	5.0%
In 2027 and afterward	2.4%
<b>Total</b>	<b>100.0%</b>

v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.

vi) As advised of the Manager, the property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.00% per annum
Office	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.00% per annum
Car Parks	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.00% per annum

viii) The estimated net yield of the Property is approximately 2.95% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 8

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022												
8	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and various car spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, the PRC	<p>The Property is a commercial development, which comprises one 68-storey office tower, known as Wuhan Yuexiu Fortune Centre; a 5-storey shopping centre (inclusive of 1 storey of Basement), known as Starry Victoria Shopping Centre; 1,134 car park lots for office and retail portions and 375 car park lots for residential portion. The Property was completed between 2015 to 2016.</p> <p>As advised, the Property has a total GFA of approximately 248,194.22 sq m. The details are listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>129,446.74</td> </tr> <tr> <td>Retail</td> <td>43,546.60</td> </tr> <tr> <td>Carpark</td> <td>62,785.76</td> </tr> <tr> <td>Ancillary facilities</td> <td>12,415.12</td> </tr> <tr> <td><b>Total</b></td> <td><b>248,194.22</b></td> </tr> </tbody> </table> <p>Pursuant to a total of 456 Real Estate Ownership Certificates provided, the land-use rights of the Property with a total site area of 41,428.11 sq m have been granted for a term expiring on 26 May 2051 zoned for commercial and financial uses.</p>	Portions	Gross Floor Area (sq m)	Office	129,446.74	Retail	43,546.60	Carpark	62,785.76	Ancillary facilities	12,415.12	<b>Total</b>	<b>248,194.22</b>	<p>As at the valuation date, the office portion of the Property having an occupancy rate of 62.1% was let to various tenants at an aggregate monthly rent of approximately RMB7,500,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 October 2027.</p> <p>Retail portion of the Property having an occupancy rate of 85% was let to various tenants at an aggregate monthly rent of approximately RMB1,700,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 9 September 2035.</p> <p>Carpark portion of the Property was subject to two master lease agreements at a total monthly rent of approximately RMB920,000 (exclusive of value-added tax) with the expiry date on 31 December 2023.</p>	<p><b>RMB3,598,000,000</b> (RENMINBI THREE BILLION FIVE HUNDRED NINETY EIGHT MILLION)</p>
Portions	Gross Floor Area (sq m)															
Office	129,446.74															
Retail	43,546.60															
Carpark	62,785.76															
Ancillary facilities	12,415.12															
<b>Total</b>	<b>248,194.22</b>															

#### Notes:

- Pursuant to the copies of 456 Real Estate Ownership Certificates, the ownership of the Property is vested in 武漢越秀地產開發有限公司.
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Office	129,446.74	80,399.06	90,500,000
Retail	43,546.60	37,006.76	20,400,000
Carpark	62,785.76	62,785.76	11,000,000
<b>Total</b>	<b>235,779.10</b>	<b>180,191.58</b>	<b>122,400,000</b>

- iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for office portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	10.6%
1	2	16.1%
2	3	30.4%
3	4	17.5%
4	5	24.4%
5	6	1.0%
<b>Total</b>		<b>100.0%</b>

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for office portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	45.1%
In 2024	34.0%
In 2025	16.0%
In 2026	3.3%
In 2027 and afterward	1.6%
<b>Total</b>	<b>100.0%</b>

- v) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for retail portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	33.3%
1	2	15.2%
2	3	16.2%
3	4	5.3%
4	5	8.5%
5	6	0.8%
6	7	0.0%
7	8	7.6%
8	9	0.0%
9	10	0.4%
10	10 and more	12.7%
<b>Total</b>		<b>100.0%</b>

## PROPERTY VALUATION REPORT

- vi) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for retail portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2023	32.3%
In 2024	15.4%
In 2025	16.4%
In 2026	5.3%
In 2027 and afterward	30.6%
<b>Total</b>	<b>100.0%</b>

- vii) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.
- viii) As advised of the Manager, the property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.
- ix) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Office	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum
Commercial	Income Capitalisation Method	Term Yield	5.00% per annum
		Reversion Yield	5.50% per annum
Carpark	Income Capitalisation Method	Term Yield	5.00% per annum
		Reversion Yield	5.50% per annum

- x) The estimated net yield of the Property is 3.40% which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## VALUATION SUMMARY – PROPERTY 9

NO.	THE PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022												
9	Yuexiu Financial Tower, No.28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The Property, known as Yuexiu Financial Tower, was completed in August 2015 and it comprises a mixed-use development with a 68-storey above ground and a 4-storey basement erected on a site with a site area of 9,831.00 square metres (sq m).</p> <p>The Property consists of retail, office and 827 underground car spaces with a total gross floor area (GFA) of 210,282.94 sq m with details as below:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>3,818.19</td> </tr> <tr> <td>Office</td> <td>166,378.62</td> </tr> <tr> <td>Carpark</td> <td>10,289.05</td> </tr> <tr> <td>Others*</td> <td>29,797.08</td> </tr> <tr> <td><b>Total</b></td> <td><b>210,282.94</b></td> </tr> </tbody> </table> <p>* Others refer to the public common area and facility room etc. of the Property which has not obtained real estate ownership certificates.</p> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of the Property have been granted for office and carpark uses for a term of 50 years from 16 April 2007; for retail use for a term of 40 years from 16 April 2007.</p>	Use	Gross Floor Area (sq m)	Retail	3,818.19	Office	166,378.62	Carpark	10,289.05	Others*	29,797.08	<b>Total</b>	<b>210,282.94</b>	As at the Valuation Date, retail and office portions of the Property having occupancy rates of 100% and 89% respectively, were let to various tenants at an aggregate monthly rent of approximately RMB31,100,000 (exclusive of outgoings or disbursement from the rent, being value-added tax, management fees and utility charges) with the latest expiry date of 31 December 2027. Whilst the car park spaces were subject to a master lease agreement expiring on 31 December 2024 at a monthly rent approximately RMB1,200,000.	<b>RMB8,158,000,000</b> (RENMINBI EIGHT BILLION ONE HUNDRED FIFTY EIGHT MILLION)
Use	Gross Floor Area (sq m)															
Retail	3,818.19															
Office	166,378.62															
Carpark	10,289.05															
Others*	29,797.08															
<b>Total</b>	<b>210,282.94</b>															

### Notes:

- i) Pursuant to Yue (2017) Guangzhou Shi Bu Dong Chan Quan Di 00051478 Hao and eight hundred and eighty eight copies of real estate ownership certificate, the ownership of the Property is vested in 廣州佳耀置業有限公司 (Guangzhou Jiayao Property Development Co., Ltd.), 廣州譽耀置業有限公司 (Guangzhou Yuyao Property Development Co., Ltd.), 廣州景耀置業有限公司 (Guangzhou Jingyao Property Development Co., Ltd.), and 廣州晉耀置業有限公司 (Guangzhou Jinyao Property Development Co., Ltd.) (together as "Yuexiu Financial Tower Project Companies") with details as below:

Owner	Gross Floor Area (sq m)			Net Lettable Area (sq m)		
	Retail	Office	Carpark	Retail	Office	Carpark
廣州佳耀置業有限公司	3,818.19	40,002.01	2,850.98	2,859.51	29,855.08	2,850.98
廣州譽耀置業有限公司	—	38,197.68	2,835.48	—	27,918.98	2,835.48
廣州景耀置業有限公司	—	43,840.57	2,934.87	—	30,865.24	2,934.87
廣州晉耀置業有限公司	—	44,338.36	1,667.72	—	30,959.37	1,667.72
<b>Total</b>	<b>3,818.19</b>	<b>166,378.62</b>	<b>10,289.05</b>	<b>2,859.51</b>	<b>119,598.67</b>	<b>10,289.05</b>

## PROPERTY VALUATION REPORT

- ii) Rentable area breakdown and annual rental income exclusive of value-added tax, property management fee as well as other income as at the Valuation Date of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Retail	3,818.19	3,818.19	10,700,000
Office	166,378.62	148,017.40	363,100,000
Carpark	10,289.05	10,289.05	14,200,000
<b>Total</b>	<b>180,485.86</b>	<b>162,124.64</b>	<b>388,000,000</b>

- iii) Based on the tenancy information provided by Yuexiu Financial Tower Project Companies, our analysis of the tenancy duration profile of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Rentable Area
0	1	5.7%
1	2	4.0%
2	3	36.6%
3	4	11.1%
4	5	23.4%
5	6	11.6%
6	7	0.0%
7	8	1.9%
8	9	0.0%
9	10 or more	5.7%
<b>Total</b>		<b>100.0%</b>

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile of the Property is set out below:

Year of Expiry	Proportion by Rentable Area
In 2023	29.8%
In 2024	24.0%
In 2025	24.6%
In 2026	15.4%
In 2027 and afterward	6.2%
<b>Total</b>	<b>100.0%</b>



- v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value(s) of the Property.
- vi) As advised by the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.
- vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum
Office	Income Capitalisation Method	Term Yield	3.50% per annum
		Reversion Yield	4.00% per annum
Carpark	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum

- viii) Breakdown market values of the Property as at the Valuation Date area listed as follows:

Portion	Income Capitalisation Method	Market Value
Retail	185,000,000	185,000,000
Office	7,703,000,000	7,703,000,000
Carpark	270,000,000	270,000,000
<b>Total</b>	<b>8,158,000,000</b>	<b>8,158,000,000</b>

- ix) The estimated net yield of the Property is 4.76% per annum which is derived from the estimated rental received in Year-2022 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 10

NO.	THE PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
10	Units 1 to 3 (inclusive) on 17/F, Yuexiu Building, Nos. 160 – 174 Lockhart Road, Hong Kong  An aggregate of 48/1,294 equal and undivided shares of and in The Remaining Portions of Sections A, B and C of Inland Lot No. 2794 and The Remaining Portions of Inland Lot Nos. 2793, 5685, 5686 and 5687 ("the Lots")	<p>Yuexiu Building is situated on the southern side of Lockhart Road between O'Brien Road and Fleming Road. It comprises a 27-storey (including basement) commercial building completed in July 1985.</p> <p>The Property comprises all 3 office units on the 17/F of Yuexiu Building. It has a total marketing gross floor area of about 4,694 sq.ft (436.08 sq.m).</p> <p>Vertical transportation within Yuexiu Building is facilitated by 3 passenger lifts and 1 staircase.</p> <p>The Lots are held under respective Government Leases with terms of 99 years renewable for 99 years commencing from 6 March 1929 (Inland Lot No. 2794) and 25 May 1929 (Inland Lot Nos. 2793, 5685, 5686 and 5687). The total Government rent payable per annum for the Lots is minimal.</p>	<p>The Property is currently subdivided into two units, which are subject to two tenancies expiring on 31 May 2024 as at the Valuation Date. As per the tenancy agreements, the total monthly rental receivable for the Property is HKD154,400.</p>	<p><b>HKD63,300,000</b> <b>(HONG KONG DOLLARS SIXTY THREE MILLION AND THREE HUNDRED THOUSAND)</b></p>

#### Notes:

- i) The ownership particulars of the Property and interest valued are as follows:

<b>Lot Numbers</b>	:	The Remaining Portion of Section C of Inland Lot No. 2794, The Remaining Portion of Section B of Inland Lot No. 2794, The Remaining Portion of Section A of Inland Lot No. 2794, The Remaining Portion of Inland Lot No. 2793, The Remaining Portion of Inland Lot No. 5685, The Remaining Portion of Inland Lot No. 5686 and The Remaining Portion of Inland Lot No. 5687
<b>Lease Terms</b>	:	<p>Held under Government Lease commencing from 6 Mar 1929 for a term of 99 years renewable for 99 years for IL 2794 RP s.A, IL 2794 RP s.B and IL 2794 RP s.C</p> <p>Held under Government Lease commencing from 25 May 1929 for a term of 99 years renewable for 99 years for IL 2793 RP, IL 5685 RP, IL 5686 RP and IL 5687 RP</p>
<b>Registered Owner</b>	:	Artform Investment Limited
<b>Major Encumbrances</b>	:	<ul style="list-style-type: none"> <li>Management undertaking in favour of The Government of Hong Kong dated 2 Mar 1987 vide Memorial No. UB3310418</li> <li>Deed of Mutual Covenant and Management Agreement with Plans in favour of Podium Property Management Company Limited dated 2 March 1987 vide Memorial No. UB4395115</li> </ul>

ii) The Property falls within an area zoned as "Commercial" under the draft Wanchai Outline Zoning Plan No. S/H5/30 exhibited on 17 June 2022.

iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0%
1	2	0%
2	3	100%
<b>Total</b>		<b>100.0%</b>

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile of the Property is set out below:

Year of Expiry	Proportion by Rentable Area
In 2023	0%
In 2024	100%
In 2025	0%
In 2026	0%
In 2027 and afterward	0%
<b>Total</b>	<b>100.0%</b>

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 11

NO.	THE PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2022
11	Units 1 to 3 (inclusive) on 23/F, Yuexiu Building, Nos. 160 – 174 Lockhart Road, Hong Kong  An aggregate of 48/1,294 equal and undivided shares of and in The Remaining Portions of Sections A, B and C of Inland Lot No. 2794 and The Remaining Portions of Inland Lot Nos. 2793, 5685, 5686 and 5687 ("the Lots")	Yuexiu Building is situated on the southern side of Lockhart Road between O'Brien Road and Fleming Road. It comprises a 27-storey (including basement) commercial building completed in July 1985.  The Property comprises all 3 office units on the 23/F of Yuexiu Building. It has a total marketing gross floor area of about 4,694 sq.ft (436.08 sq.m).  Vertical transportation within Yuexiu Building is facilitated by 3 passenger lifts and 1 staircase.  The Lots are held under respective Government Leases with terms of 99 years renewable for 99 years commencing from 6 March 1929 (Inland Lot No. 2794) and 25 May 1929 (Inland Lot Nos. 2793, 5685, 5686 and 5687). The total Government rent payable per annum for the Lots is minimal.	The Property is currently subdivided into two units, which are subject to two tenancies expiring on 30 November 2025 as at the Valuation Date. As per the tenancy agreements, the total monthly rental receivable for the Property is HKD154,000.	<b>HKD65,700,000</b> <b>(HONG KONG DOLLARS SIXTY FIVE MILLION AND SEVEN HUNDRED THOUSAND)</b>

Notes:

- i) The ownership particulars of the Property and interest valued are as follows:

<b>Lot Numbers</b>	:	The Remaining Portion of Section C of Inland Lot No. 2794, The Remaining Portion of Section B of Inland Lot No. 2794, The Remaining Portion of Section A of Inland Lot No. 2794, The Remaining Portion of Inland Lot No. 2793, The Remaining Portion of Inland Lot No. 5685, The Remaining Portion of Inland Lot No. 5686 and The Remaining Portion of Inland Lot No. 5687
<b>Lease Terms</b>	:	Held under Government Lease commencing from 6 Mar 1929 for a term of 99 years renewable for 99 years for IL 2794 RP s.A, IL 2794 RP s.B and IL 2794 RP s.C  Held under Government Lease commencing from 25 May 1929 for a term of 99 years renewable for 99 years for IL 2793 RP, IL 5685 RP, IL 5686 RP and IL 5687 RP
<b>Registered Owner</b>	:	Blow Light Investments Limited
<b>Major Encumbrances</b>	:	<ul style="list-style-type: none"> <li>Management undertaking in favour of The Government of Hong Kong dated 2 Mar 1987 vide Memorial No. UB3310418</li> <li>Deed of Mutual Covenant and Management Agreement with Plans in favour of Podium Property Management Company Limited dated 2 Mar 1987 vide Memorial No. UB4395115</li> </ul>

- ii) The Property falls within an area zoned as "Commercial" under the draft Wanchai Outline Zoning Plan No. S/H5/30 exhibited on 17 June 2022.

iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0%
1	2	0%
2	3	100%
<b>Total</b>		<b>100.0%</b>

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile of the Property is set out below:

Year of Expiry	Proportion by Rentable Area
In 2023	0%
In 2024	0%
In 2025	100%
In 2026	0%
In 2027 and afterward	0%
<b>Total</b>	<b>100.0%</b>

# INDEPENDENT AUDITOR'S REPORT



普华永道

## 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

#### What we have audited

The consolidated financial statements of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together the "Group"), which are set out on pages 186 to 260, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated distribution statement for the year then ended;
- the consolidated statement of net assets attributable to unitholders and changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Our opinion

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 2022, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



普华永道

### Independence

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.

### 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. The key audit matter identified in our audit is valuation of investment properties and 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
<p><b>Valuation of investment properties and the building portions of hotel and serviced apartments included in Property, plant and equipment</b></p> <p>Refer to notes 2(e)(i), 2(f), 4(a), 13 and 15 to the consolidated financial statements.</p> <p>The Group's investment properties amounting to approximately RMB37,702 million and the building portions of hotel and serviced apartments included in property, plant and equipment (together the "Subject Properties") amounting to approximately RMB2,183 million were carried at fair value at 31 December 2022. Changes in the fair values of the investment properties and hotel and serviced apartments during the year ended 31 December 2022 were recorded in profit or loss and other comprehensive income of approximately RMB96 million and approximately RMB96 million respectively.</p> <p>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").</p>	<p><b>Experience of the Valuer and relevance of their work</b></p> <p>We read the Valuer's report prepared in accordance with the latest edition of Royal Institution of Chartered Surveyors (the "RICS") Valuation – Global Standards, the HKIS Valuation Standards of The Hong Kong Institute of Surveyors ("HKIS"), incorporating the International Valuation Standards of the International Valuation Standards Council ("IVSC") and the requirement set out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the "REIT Code"), and assessed the Valuer's qualifications and experience in the markets where the Subject Properties are located. We also 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.</p> <p><b>Data provided by the Manager to the Valuer</b></p> <p>We performed testing on a sample basis on the input data used by the Valuer in the valuations of the Subject Properties. These data included key terms of lease agreements, rental income schedules, gross floor area information and the year of completion which we agreed to the appropriate supporting documentation.</p>

## INDEPENDENT AUDITOR'S REPORT



普华永道

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of investment properties and the building portions of hotel and serviced apartments included in Property, plant and equipment (continued)</b></p> <p>In determining the valuation of the Group's investment properties in mainland China, the Valuer principally adopted the income capitalisation method and cross checked by the market approach. Key valuation assumptions included estimated prevailing market unit rent and capitalisation rate.</p> <p>In determining the valuation of the Group's investment properties in Hong Kong, the Valuer adopted the sales comparison approach with key assumption of unit sales price.</p> <p>In determining the valuation of the building portions of the Group's hotel and serviced apartments, the Valuer adopted the depreciated replacement cost method with key assumptions of estimated building costs, finance costs and professional fee.</p> <p>We focused on this area because the valuations of the Subject Properties involved significant judgements and estimates, and the carrying amounts of the Subject Properties and the changes in fair value were material to the Group's consolidated financial statements.</p>	<p><b>Methodologies and key assumptions used by the Valuer</b></p> <p>We involved our in-house valuation experts in discussing and assessing the valuation methodologies and key assumptions with the Valuer and the Manager.</p> <p>We assessed the appropriateness and consistency of the use of the valuation methodologies based on our industry knowledge.</p> <p>We challenged the reasonableness of the key assumptions applied in the valuations of the Subject Properties by comparing them to published industry reports, comparable market transactions, and those used in the prior period, and with reference to the age, nature and location of each property.</p> <p>Overall, the methodology and the key assumptions used in the valuations were supportable in light of available evidence and the current market environment.</p>
<p><b>Other Information</b></p>	
<p>The Manager of Yuexiu REIT is responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.</p>	
<p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p>	
<p>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.</p>	
<p>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.</p>	





普华永道

### **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.

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 first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, third supplemental deed on 25 July 2012, fourth supplemental deed on 3 April 2020 and 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 Hong Kong Securities and Futures Commission (the "REIT Code").

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. We report our opinion 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 HKSA's 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.

## INDEPENDENT AUDITOR'S REPORT



普华永道

As part of an audit in accordance with HKSAAs, 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.



普华永道

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.

**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 Au Chi Ho.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 9 March 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	5	1,872,860	1,796,686
Operating expenses, net	6	(951,551)	(847,386)
Fair value (losses)/gains on investment properties	15	(95,813)	78,668
Change in fair value of derivative financial instruments	19	397,763	(65,680)
Finance income	9	25,511	366,703
Finance expenses	10	(1,521,724)	(390,821)
(Loss)/profit before income tax and transactions with unitholders		(272,954)	938,170
Income tax expense	11	(237,986)	(263,608)
(Loss)/profit after income tax before transactions with unitholders		(510,940)	674,562
Transactions with unitholders	27	1,086,845	(692,023)
Profit/(loss) after income tax after transactions with unitholders		575,905	(17,461)
Other comprehensive income for the year:			
<u>Items that will not be reclassified to profit or loss</u>			
Change in fair value of property, plant and equipment			
– Gross	13	95,951	66,002
– Tax		(26,873)	(18,485)
		69,078	47,517
<u>Items that may be reclassified to profit or loss</u>			
Exchange differences on translation of foreign operations	16	(626,159)	—
Other comprehensive (loss)/income for the year, net of tax		(557,081)	47,517
Total comprehensive income for the year		18,824	30,056

	Attributable to					Total RMB'000
	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		
Profit/(loss) for the year ended 31 December 2021	645,003	(692,023)	(47,020)	29,559	(17,461)	
Other comprehensive income:						
<u>Items that will not be reclassified to profit or loss</u>						
Change in fair value of property, plant and equipment, net of tax	47,020	—	47,020	497	47,517	
Total comprehensive income/(loss) for the year ended 31 December 2021	692,023	(692,023)	—	30,056	30,056	
<b>(Loss)/profit for the year ended 31 December 2022</b>	<b>(529,044)</b>	<b>1,086,845</b>	<b>557,801</b>	<b>18,104</b>	<b>575,905</b>	
Other comprehensive income:						
<u>Items that will not be reclassified to profit or loss</u>						
Change in fair value of property, plant and equipment, net of tax	68,358	—	68,358	720	69,078	
<u>Items that may be reclassified to profit or loss</u>						
Exchange differences on translation of foreign operations	(626,159)	—	(626,159)	—	(626,159)	
<b>Total comprehensive (loss)/income for the year ended 31 December 2022</b>	<b>(1,086,845)</b>	<b>1,086,845</b>	<b>—</b>	<b>18,824</b>	<b>18,824</b>	

Notes:

- (i) In accordance with the trust deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, third supplemental deed on 25 July 2012, fourth supplemental deed dated 3 April 2020 and fifth supplemental deed dated 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 the 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 part of finance costs which 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 balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the consolidated distribution statement on page 12.
- (ii) (Losses)/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 12.

The notes on pages 194 to 260 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	13	2,183,683	2,158,714
Right-of-use assets	14	1,215,748	1,241,260
Investment properties	15	37,702,232	37,657,000
Deferred assets, prepayments, deposits and other receivables	17	235,425	259,740
Goodwill	18	859,868	859,868
Long-term bank deposits	22	30,000	—
		<b>42,226,956</b>	<b>42,176,582</b>
<b>Current assets</b>			
Inventories	21	3,080	3,254
Trade and lease receivables	20	32,673	26,147
Amounts due from related parties	30	45,228	62,089
Deferred assets, prepayments, deposits and other receivables	17	100,579	113,224
Derivative financial instruments	19	100,005	—
Tax recoverable		4,138	4,072
Short-term bank deposits	22	20,000	23,524
Cash and cash equivalents	22	1,333,773	1,453,356
		<b>1,639,476</b>	<b>1,685,666</b>
<b>Total assets</b>		<b>43,866,432</b>	<b>43,862,248</b>
<b>Equity</b>			
Reserves		(135,257)	422,544
Retained earnings		135,257	(422,544)
Non-controlling interests		1,217,242	1,206,026
<b>Total equity</b>		<b>1,217,242</b>	<b>1,206,026</b>
<b>Current liabilities</b>			
Trade payables	24	25,190	27,561
Rental deposits, current portion	25	186,238	181,124
Receipts in advance	25	96,553	118,064
Accruals and other payables	25	453,448	530,637
Amounts due to related parties	30	142,036	3,643,438
Derivative financial instruments	19	—	174,942
Borrowings	26	4,364,124	2,893,984
Lease liabilities	14	10,485	9,993
Tax payable		89,062	142,910
		<b>5,367,136</b>	<b>7,722,653</b>

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Rental deposits, non-current portion	25	209,987	246,756
Borrowings	26	15,541,033	14,728,455
Deferred tax liabilities	23	5,380,971	5,201,515
Derivative financial instruments	19	23,151	38,991
Lease liabilities	14	22,517	—
		21,177,659	20,215,717
<b>Total liabilities, other than net assets attributable to unitholders</b>		<b>26,544,795</b>	<b>27,938,370</b>
<b>Net assets attributable to unitholders</b>	27	<b>16,104,395</b>	<b>14,717,852</b>
<b>Total equity and liabilities</b>		<b>43,866,432</b>	<b>43,862,248</b>
<b>Net current liabilities</b>		<b>(3,727,661)</b>	<b>(6,036,987)</b>
Units in issue ('000)	27	4,783,780	3,417,224
Net assets attributable to unitholders per unit (RMB)		<b>RMB3.37</b>	RMB4.31

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager")

Director

Director

# CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders		(529,044)	645,003
<b>Adjustments for the total distributable income (i)</b>			
– Fair value losses/(gains) on investment properties		83,785	(94,769)
– Deferred taxation in respect of fair value gains on investment properties charged to profit or loss		27,591	59,624
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		(393,752)	(377,870)
– Foreign exchange gains on financing activities	9	—	(340,561)
– Fair value gains on derivative financial instruments	19	(397,763)	—
		(1,209,183)	(108,573)
<b>Additional items (ii)</b>			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		393,752	377,870
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards ("HKFRS")		135,408	133,325
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		102,464	98,123
– Manager's fee paid and payable in units in lieu of cash		166,530	111,787
– Foreign exchange losses on financing activities	10	944,353	—
– Fair value losses on derivative financial instruments		—	65,680
– Surplus cash		—	120,000
<b>Distributable income after additional items</b>		<b>533,324</b>	<b>798,212</b>
Distributable amount at 1 January		457,990	329,990
Distributions paid during the year (iii)	27	(800,634)	(670,212)
<b>Final distribution declared</b>		<b>190,680</b>	<b>457,990</b>
<b>Distribution per unit, declared (iv)</b>		<b>RMB0.0399</b>	<b>RMB0.0985</b>



## Note:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated (loss)/profit 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 2021 to 31 December 2021 of RMB0.0980 (equivalent to HK\$0.1213) per unit and interim distribution for the period from 1 January 2022 to 30 June 2022 of RMB0.0728 (equivalent to HK\$0.0847) per unit, totaling RMB800,634,000 (2021: RMB670,212,000), were paid to unitholders on 26 May 2022 and 21 October 2022 respectively.
- (iv) A final distribution for the period from 1 July 2022 to 31 December 2022 of RMB0.0399 (equivalent to HK\$0.0453) per unit, totaling RMB190,680,000 (equivalent to HK\$216,574,000) was declared by the Board of the Manager on 9 March 2023.

## CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	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 2021	14,584,563	(375,524)	375,524	1,188,103	15,772,666
Issuance of units (Note 27)	111,478	—	—	—	111,478
Profit/(loss) for the year ended 31 December 2021 attributable to:					
– Unitholders	692,023	—	—	—	692,023
– Equity holders	—	(47,020)	—	29,559	(17,461)
Distributions paid to					
– Unitholders	(670,212)	—	—	—	(670,212)
– Equity holders	—	—	—	(12,133)	(12,133)
Change in fair value of property, plant and equipment, net of tax	—	—	47,020	497	47,517
At 31 December 2021	14,717,852	(422,544)	422,544	1,206,026	15,923,878
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
(Loss)/profit 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

The notes on pages 194 to 260 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	28(a)	1,033,418	1,178,481
Interest paid		(539,957)	(326,478)
Income tax paid		(139,317)	(87,252)
Support arrangement asset received		—	9,786
Net cash generated from operating activities		354,144	774,537
<b>Cash flows from investing activities</b>			
Additions of investment properties		(54,243)	(52,548)
Additions of property, plant and equipment		(15,421)	(17,742)
Payment for acquisition of subsidiaries, net of cash acquired	29	(3,640,741)	(4,117,221)
Disposal of property, plant and equipment		13	34
Interest received		25,511	26,142
Increase in bank deposits		(73,196)	(23,585)
Decrease in bank deposits		46,720	23,196
Net cash used in investing activities		(3,711,357)	(4,161,724)
<b>Cash flows from financing activities</b>			
Distributions paid		(893,242)	(682,345)
Proceeds from borrowings, net of transaction costs	28(c)	5,445,263	7,708,228
Repayment of borrowings	28(c)	(4,591,568)	(3,774,199)
Issurance of units		3,221,968	—
Settlement of derivative financial instruments	28(c)	102,748	(205,249)
Principal elements of lease payments		(10,847)	(10,768)
Net cash generate from financing activities		3,274,322	3,035,667
<b>Net decrease in cash and cash equivalents</b>		<b>(82,891)</b>	<b>(351,520)</b>
Cash and cash equivalents at beginning of the year		1,453,356	1,802,495
Effects of exchange rate changes on cash and cash equivalents		(36,692)	2,381
<b>Cash and cash equivalents at end of the year</b>	22	<b>1,333,773</b>	<b>1,453,356</b>

The notes on pages 194 to 260 are an integral part of these consolidated financial statements.

# 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") 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 from time to time.

The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT is listed on The Stock Exchange of Hong Kong Limited. These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The consolidated financial statements of Yuexiu REIT have been prepared in accordance with all applicable HKFRS, 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, as modified by the revaluation of the investment properties and hotel, serviced apartment and derivative financial instruments which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of preparation (continued)

As at 31 December 2022, the Group's current liabilities exceeded its current assets by RMB3,727,661,000 (31 December 2021: RMB6,036,987,000) due to the borrowings of RMB4,364,124,000 fall due within twelve months from the balance sheet date (31 December 2021: borrowings of RMB2,893,984,000 fall due within twelve months from the balance sheet date and an amount due to Yuexiu Property Company Limited of approximately RMB3,500,000,000). The Manager is in the process of arranging various sources of funding, which include discussing with the Group's existing principal bankers for refinancing, obtaining new RMB cross-border financing facilities from financial institutes in the PRC and issuance of new RMB bonds, to meet with the settlement of the bank borrowings fall due within twelve months from the balance sheet date. Taking into account the financial resources available, including existing undrawn bank facilities and further limit available under the MTN program, as well as the abovementioned refinancing plan, 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) *New and amended standards effective for the year ended 31 December 2022*

Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS 16	COVID-19-related rent concessions
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Annual Improvements to HKFRSs 2018 - 2020	Annual improvements
Amendments to Accounting Guideline 5	Merger accounting for common control combinations

The adoption of these new and amended standards did not result in any significant impact on the results and financial position of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of preparation (continued)

(ii) *New and amended standards have been issued but are not yet effective for the year ended 31 December 2022 and have not been early adopted by the Group:*

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9-Comparative Information	1 January 2023
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
HK Interpretation 5 (revised)	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Manager anticipate that the adoption of these new and amended standards would not result in any significant impact on the results and financial position of the Group. The Group plans to adopt these new and amended standards when they become effective.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Consolidation

#### (i) *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

#### (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. 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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Consolidation (continued)

##### (ii) Business Combinations (continued)

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.

#### (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 makes 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".



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Foreign currency translation (continued)

#### (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.

### (e) Property, plant and equipment

- (i) Hotel and serviced apartments comprise mainly buildings, leasehold improvements and fixtures and furniture of hotel and serviced apartment, and is 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Property, plant and equipment (continued)

- (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:

Building portion of hotel and serviced apartment are 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.

#### (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. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Investment properties (continued)

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. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. 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. 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 full fair value of 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT 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 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 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.

## 2 SUMMARY OF SIGNIFICANT 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 separate line item in the statement of the profit or loss.
- **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 statement of profit or loss.
- **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 arise.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Financial assets (continued)

##### (i) Classification (continued)

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. The identified impairment loss was immaterial. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

#### (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 payment 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Leases (continued)

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, eg term, country, currency and security.

Lease payments are allocated between 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 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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Rental deposits

Rental deposits are financial liabilities with fixed or determinable repayments. They arise when the Group enters into lease agreement 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.

#### (o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in 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 interest expense.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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 pre-payment 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.

### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Current and deferred income tax (continued)

##### (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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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 are 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.

#### (iv) *Financing components*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### (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. 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 paid to unitholders represent finance costs and are therefore presented as "transactions with unitholders" in the profit or loss. Consequently, Yuexiu REIT has recognised distributions as finance costs in the profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Employee benefit

##### (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, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense 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, non-derivative financial instruments, and investing of excess liquidity.

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (i) Market risk

###### (a) Foreign exchange risk

The Group operates in the PRC 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 and bank borrowings denominated primarily in Hong Kong dollar ("HK\$") and United States dollar ("USD").

At 31 December 2022 and 2021, if RMB had weakened/strengthened by 1% against HK\$ and USD with all other variables held constant, loss before income tax and transactions with unitholders for the year ended 31 December 2022 (profit before income tax and transactions with unitholders for the year ended 31 December 2021) would have been approximately RMB23,879,000 higher/lower (2021: RMB162,580,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of HK\$ and USD denominated cash and cash equivalents and short-term bank deposits, derivative financial instruments, borrowings and amount due to the Manager.

###### (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 and derivatives financial instruments, when opportunities arise, the Group considers the use of interest rate swaps to fix the interest costs for the long term. During the year, the Group has entered into one floating-to-fixed interest rate swap contract. At 31 December 2022 and 2021, if interest rates on borrowings and derivative financial instruments had been 1% higher/lower with all other variables held constant, loss before income tax and transactions with unitholders for the year ended 31 December 2022 (profit before income tax and transactions with unitholders for the year ended 31 December 2021) would have been approximately RMB148,853,000 higher/lower (2021: RMB128,790,000 lower/higher) respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (i) Market risk (continued)

##### (b) Cash flow interest rate risk (continued)

The exposure of the Group's borrowings to interest rate changes are as follows:

	As at 31 December 2022 RMB'000	% of total borrowings	As at 31 December 2021 RMB'000	% of total borrowings
Variable rate borrowings	14,885,374	75%	12,878,957	73%
Fixed rate borrowings	5,019,783	25%	4,743,482	27%
Total	19,905,157	100%	17,622,439	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 deposits balance of the major banks at the balance sheet date. Management does not expect any losses from non-performance by these banks.

	As at 31 December	
	2022 RMB'000	2021 RMB'000
DBS Bank Ltd. Hong Kong Branch	501,197	412,275
Bank of China	402,707	348,117
China Construction Bank	161,879	377,629
Industrial and Commercial Bank of China	65,126	520
Chong Hing Bank	54,304	54,042
Other banks	198,210	283,801
Short-term bank deposits and cash and cash equivalent	1,383,423	1,476,384

### 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 includes 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 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.

Other receivables mainly represented 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.

The carrying amount of the receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to these financial assets. The credit risk for bank deposits and bank balances is considered by the Group to be minimal as such amounts are generally placed with state-owned banks or banks with good ratings.

##### (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 RMB1,353,773,000 as at 31 December 2022 (2021: RMB1,476,880,000). 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

### 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
<b>As at 31 December 2022</b>					
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

	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
<b>As at 31 December 2021</b>					
Rental deposits	181,124	121,992	146,324	10,709	460,149
Trade payables	27,561	—	—	—	27,561
Accruals and other payables	423,214	—	—	—	423,214
Amounts due to related parties	3,643,438	—	—	—	3,643,438
Bank borrowings					
- Principal to be repaid	2,893,984	4,173,791	6,924,582	171,000	14,163,357
- Interest payables	244,928	188,250	165,297	9,747	608,222
Other borrowings					
- Principal to be repaid	—	—	3,459,082	—	3,459,082
- Interest payables	100,548	100,548	155,095	—	356,191
Derivative financial instruments	174,942	38,991	—	—	213,933
Lease liabilities	9,993	—	—	—	9,993



### 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 total asset value as shown in the consolidated balance sheet.

During 2022, the Group's strategy was to maintain a gearing ratio not exceeding 50% (2021: 50%). The gearing ratios at 31 December 2022 and 2021 were as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Total borrowings (note 26)	19,905,157	17,622,439
Total asset value	43,866,432	43,862,248
Gearing ratio	45%	40%

#### (c) Fair value estimation

The carrying amounts of the Group's current financial assets and current financial liabilities approximate 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

### 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 its 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; and

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 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 amounts 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 selections of valuation technique 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 resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of hotel and service 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 are 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 rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
<b>Year ended 31 December 2022</b>				
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)

	Hotel and serviced apartments RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
<b>Year ended 31 December 2021</b>				
Revenue from external customers	403,111	973,345	420,230	1,796,686
Segment results	(19,685)	978,951	283,836	1,243,102
Depreciation	144,631	47	—	144,678
Fair value gains/(losses) on investment properties	—	149,469	(70,801)	78,668

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (continued)

	Hotel and serviced apartments RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
<b>As at 31 December 2022</b>				
Total reportable segments' assets	3,735,044	29,863,243	9,321,980	42,920,267
<b>As at 31 December 2021</b>				
Total reportable segments' assets	3,660,669	29,801,658	9,499,958	42,962,285

A reconciliation of total segment results to (loss)/profit before income tax and transactions with unitholders is provided as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Segment results	1,123,604	1,243,102
Changes in fair value of derivatives financial instruments	397,763	(65,680)
Finance income	25,511	366,703
Finance expenses	(1,521,724)	(390,821)
Unallocated operating costs (Note)	(298,108)	(215,134)
(Loss)/profit before income tax and transactions with unitholders	(272,954)	938,170

Note: Unallocated operating costs include mainly manager's fee, legal and professional expenses and other operating expenses.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Total reportable segments' assets	42,920,267	42,962,285
Unallocated assets	946,165	899,963
Total assets	43,866,432	43,862,248

## 5 REVENUE AND SEGMENT INFORMATION (continued)

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China and Hong Kong	1,872,860	1,796,686	42,920,267	42,962,285
Unallocated assets			946,165	899,963
			43,866,432	43,862,248

Note: Unallocated assets include mainly cash and cash equivalents of a holding company and goodwill.

The Group's revenue by nature is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Hotel and serviced apartments operations		
– Room rentals	215,068	241,408
– Food and beverages	123,588	149,516
– Others	11,875	12,187
Property rentals	1,522,329	1,393,575
	1,872,860	1,796,686

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised at a point in time	128,312	155,046
Revenue recognised over time	219,928	247,928
Other sources	1,524,620	1,393,712
	1,872,860	1,796,686

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 EXPENSES BY NATURE, NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Property management fees (i) (Note 30(a))	46,713	43,861
Employee benefit expenses (Note 7)	97,196	116,517
Real estate tax	193,544	163,536
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	10,042	8,852
Withholding tax (ii)	29,468	47,359
Depreciation of property, plant and equipment (Note 13)	87,509	85,416
Depreciation of right-of-use assets (Note 14)	59,368	59,262
Cost of inventories sold or consumed in operation	88,871	89,940
Other direct expenses on hotel and serviced apartment	63,899	59,971
Manager's fee (Note 8) (Note 30(a))	166,530	139,733
Trustee's fee (Note 30(a))	12,703	10,248
Valuation fees	856	745
Legal and professional fee	14,056	10,996
Auditor's remuneration	3,889	3,933
Bank charges	386	473
Foreign exchange losses/(gains) arising from operating activities	48,564	(1,882)
Others	27,957	8,426
<b>Total operating expenses, net</b>	<b>951,551</b>	<b>847,386</b>

Note:

- (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 mainland China and held by BVI companies is calculated at a rate of 10%.

## 7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Wages, salaries and bonus	59,671	75,913
Pension costs	8,301	7,821
Social security costs and staff welfare	29,224	32,783
	<b>97,196</b>	<b>116,517</b>

### Pension scheme arrangements

Certain subsidiaries of Yuexiu REIT in mainland China are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Government. 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 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 external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Manager's fee:		
In the form of units	166,530	111,787
In the form of cash	—	27,946
	<b>166,530</b>	<b>139,733</b>

Pursuant to the announcement dated 15 January 2021, a portion of the manager's fee for the year ended 31 December 2021, will be paid in the form of units. 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, will be paid in the form of units. In accordance with the Trust Deed, the Manager fee units for the year ended 31 December 2022 are expected to be issued on 24 March 2023. 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 24 March 2023 and (ii) the average closing price of the units in the 10 trading days immediately preceding 24 March 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 FINANCE INCOME

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Interest income from bank deposits	22,058	22,639
Interest income from a related company (Note 30(a))	3,453	3,503
Foreign exchange gains on financing activities	—	340,561
	25,511	366,703

### 10 FINANCE EXPENSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Interest expense for bank borrowings	434,035	189,559
Interest expense for other borrowings	105,580	135,847
Interest and finance charges paid/payable for lease liabilities (Note 14)	342	735
Losses on settlement of derivative financial instruments	6,716	35,437
Amortisation of transaction costs for borrowings	27,079	28,171
Interest expense due to a related party (Note 30(a))	3,619	1,072
Foreign exchange losses on financing activities	944,353	—
	1,521,724	390,821



## 11 INCOME TAX EXPENSE

For the subsidiaries incorporated and operate in mainland China, they are subject to corporate income tax at a rate of 25% under 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 profit in Hong Kong.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current income tax		
– corporate income tax	53,518	81,085
– withholding tax	31,885	8,016
Deferred income tax (Note 23)	152,583	174,507
	<b>237,986</b>	263,608

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 mainland China as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
(Loss)/profit before income tax and transactions with unitholders	(272,954)	938,170
Tax calculated at domestic tax rate of 25%	(68,239)	234,543
Income not subject to tax	(75,856)	—
Expenses not deductible for tax purposes	1,864	—
Under-provision in prior years	7,390	2,045
Withholding tax on unremitted earnings of subsidiaries (Note a)	61,297	41,647
Utilisation of previously unrecognised tax losses	(539)	—
Tax losses for which no deferred income tax asset was recognised	46,191	8,495
Effect of different tax rates	265,878	(23,122)
	<b>237,986</b>	263,608

Note a:

According to the China CIT Law, a withholding tax of 10% or 5% will be levied on the immediate holding companies outside mainland China when their mainland China subsidiaries pay dividend out of profits earned after 1 January 2008. Accordingly, deferred income tax liabilities of RMB635,601,000 (31 December 2021: RMB603,304,000) was recognised for the withholding tax that would be payable on the unremitted earnings of the Group's mainland China subsidiaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 (LOSSES)/EARNINGS PER UNIT BASED UPON (LOSS)/PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

#### (a) Basic

Basic (losses)/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	
	2022	2021 Restate
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	(529,044)	645,003
Weighted average number of units in issue ('000)	4,596,839	3,368,303
Basic (losses)/earnings per unit (RMB)	(0.12)	0.19

#### (b) Diluted

Diluted (losses)/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 outstanding and 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 are not included in the calculation of diluted losses per unit because they are anti-dilutive as at 31 December 2022.

	Year ended 31 December	
	2022	2021
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	(529,044)	645,003
Weighted average number of units in issue ('000)	4,596,839	3,321,105
Adjustments for deferred units ('000)	—	403,119
Adjustments for manager's fee in form of units ('000)	—	21,649
Weighted average number of units for diluted (losses)/earnings per unit ('000)	4,596,839	3,745,873
Diluted (losses)/earnings per unit (RMB)	(0.12)	0.17

### 13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>At 1 January 2021</b>				
Cost	2,385,784	13,083	9,649	2,408,516
Accumulated depreciation	(755,895)	(12,773)	(9,164)	(777,832)
Fair value gain on revaluation	527,111	—	—	527,111
Net book amount	2,157,000	310	485	2,157,795
<b>Year ended 31 December 2021</b>				
Opening net book amount	2,157,000	310	485	2,157,795
Additions	20,367	—	—	20,367
Disposal	—	—	(34)	(34)
Depreciation (Note 6)	(85,369)	(47)	—	(85,416)
Fair value gains on revaluation	66,002	—	—	66,002
Closing net book amount	2,158,000	263	451	2,158,714
<b>At 31 December 2021</b>				
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
<b>Year ended 31 December 2022</b>				
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
<b>At 31 December 2022</b>				
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 RMB1,428,462,000 (2021: RMB1,551,207,000).

As at 31 December 2022, property, plant and equipment with an aggregate carrying amount of RMB1,944 million (2021: RMB1,921 million) were pledged as collateral for the Group's bank borrowings (Note 26).

The following table analyses the property, plant and equipment carried at fair value:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance	2,158,000	2,157,000
Additions	16,618	20,367
Disposal	(79)	—
Depreciation	(87,490)	(85,369)
Unrealised gains recognised in reserve	95,951	66,002
Closing balance	2,183,000	2,158,000
Unrealised gains for the year included in other comprehensive income at the end of the year	95,951	66,002

#### Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Colliers International (Hong Kong) Limited being independent qualified valuer not related to the Group as at 31 December 2022 and 2021.

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 the senior management. Discussions of valuation processes and results are held between the 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 valuations 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*

Fair value of the building portion of hotel and serviced apartments of Guangzhou International Financial Centre ("Guangzhou IFC") is derived using depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portion of hotel and serviced apartments of Guangzhou IFC which includes 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 mainland China is generally derived using the discounted cash flow analysis. Due to lack of land transaction in market, fair value of land, for disclosure purpose only as set out in Note 14, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the value under depreciated replacement cost method.

In the course of discounted cash flow analysis, both income and expenses over the coming ten years from the date of valuation are itemised and projected annually taking into account the rental revenue, associated revenues and the expected growth of income and expenses. The net cash flow over the ten-year period is discounted at an appropriate rate of return.

The net cash flow from eleventh year onwards to the expiry date of the land use rights from the government under which both portions are held is capitalised at a market yield expected for the particular type of property investment in the market.

The building portion of hotel and serviced apartments in property, plant and equipment are included in Level 3 (2021: Level 3) of the fair value hierarchy.

There were no changes to the valuation techniques during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 PROPERTY, PLANT AND EQUIPMENT (continued)

#### 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 cost and professional fee, the higher the fair value.

Discount rates are estimated by 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. Prevailing market room rents are estimated based on recent lettings for hotel and serviced apartments in mainland China, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

The adopted valuation assumptions in the depreciated replacement cost method are summarised as follows:

#### As at 31 December 2021

	Depreciated replacement cost method		
	Building cost (RMB/m <sup>2</sup> )	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	20,140	4.65	6
Serviced apartments	16,430	4.65	6

#### As at 31 December 2022

	Depreciated replacement cost method		
	Building cost (RMB/m <sup>2</sup> )	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	21,090	4.65	6
Serviced apartments	17,205	4.65	6

## 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
<b>Right-of-use assets</b>			
<b>At 1 January 2021</b>	1,281,399	19,123	1,300,522
Depreciation (Note 6)	(49,285)	(9,977)	(59,262)
<b>At 31 December 2021</b>	1,232,114	9,146	1,241,260
<b>At 1 January 2022</b>	1,232,114	9,146	1,241,260
Addition	—	33,856	33,856
Depreciation (Note 6)	(49,282)	(10,086)	(59,368)
<b>At 31 December 2022</b>	1,182,832	32,916	1,215,748

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	
	2022 RMB'000	2021 RMB'000
<b>Lease liabilities</b>		
Current portion	10,485	9,993
Non-current portion	22,517	—
	<b>33,002</b>	9,993

As at 31 December 2022, the fair value of land use rights is approximately RMB2,474 million (2021: RMB2,580 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2022, right-of-use assets were pledged with an aggregate net book amount of approximately RMB1,101 million (2021: RMB1,214 million) as collateral for the Group's bank borrowings (Note 26).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 LEASES (continued)

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets		
Land use rights	49,282	49,285
Staff quarter	10,086	9,977
	59,368	59,262
Interest expense (included in finance cost)(Note 10)	342	735
	342	735

The total cash outflows for leases in 2022 was RMB11,189,000 (2021: RMB10,768,000).

### 15 INVESTMENT PROPERTIES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance	37,657,000	29,700,000
Addition from acquisition of subsidiaries (Note 29)	113,207	7,752,623
Capitalisation of transaction costs for the acquisition of subsidiaries	1,653	78,329
Exchange differences	(601)	—
Capitalised subsequent expenditure	26,786	47,380
Fair value (losses)/gains during the year, included in profit or loss under 'Fair value (losses)/gains on investment properties'	(95,813)	78,668
Closing balance	37,702,232	37,657,000
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'	(95,813)	78,668

The investment properties located in mainland China are held on land use rights of 40 years to 50 years, expiring in 2045 through 2055. The investment properties located in HongKong are held on land use rights of 198 years, expiring in 2127.

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties amounted to RMB516,989,000 (2021: RMB344,068,000). Included in the direct operating expenses, RMB79,033,000 (2021: RMB22,170,000) was related to investment properties that were vacant.

As at 31 December 2022, investment properties with an aggregate carrying value of approximately RMB3,847 million (2021: RMB3,832 million) were pledged as collateral for the Group's bank borrowings (Note 26).



## 15 INVESTMENT PROPERTIES (continued)

### Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Colliers International (Hong Kong) Limited ("Colliers") being independent qualified valuers not related to the Group as at 31 December 2022 and 2021.

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 the senior management. Discussions of valuation processes and results are held between the management and 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 valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

### Valuation techniques

#### (a) *Investment properties in mainland China*

As at 31 December 2022 and 2021, Colliers relied on the income capitalisation method as the primary approach and cross-checked by the market approach. The use of income capitalisation method is in line with 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. The appropriate adjustments or deductions for rent-free period, ongoing vacancy voids, marketing periods and non-recoverable expenses for the vacant space have been allowed.

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.

There were no changes to the valuation techniques during the year.

#### (b) *Investment properties in Hong Kong*

As at 31 December 2022, Colliers relied on the sales comparison approach for the valuation of investment properties the Group newly acquired in Hong Kong during the year. 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 metre from current year sales of comparable properties.

The investment properties are included in Level 3 (2021: Level 3) of the fair value hierarchy.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 INVESTMENT PROPERTIES (continued)

#### Significant inputs used to determine fair value

(a) Investment properties in mainland China

Capitalisation rates are estimated by Colliers as at 31 December 2022 and 2021 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

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.

The adopted valuation assumptions in the income capitalisation method are summarised as follows:

#### 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%

#### As at 31 December 2021

	Fair value (RMB'000)	Monthly market unit rent (RMB per sq.m.)	Capitalisation rate (per annum)
Office	28,248,000	90 to 317	4.00% to 6.50%
Wholesale and shopping mall	9,409,000	65 to 1,040	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.

The adopted valuation assumption in the sales comparison approach is as follows:

#### As at 31 December 2022

	Fair value (RMB'000)	Unit sales price (RMB per sq.m.)
17/F, Yue Xiu Building	56,544	16,400
23/F, Yue Xiu Building	58,688	17,040

## 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 <sup>3</sup>	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	100%
Yuexiu REIT 2012 Company Limited <sup>3</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT MTN Company Limited ("REIT MTN") <sup>35</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT 2013 Company Limited <sup>3</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Partat Investment Limited <sup>4</sup>	British Virgin Islands, limited liability company	Leasing of commercial properties in mainland China	1 ordinary share of USD1	100%
Moon King Limited <sup>4</sup>	British Virgin Islands, limited liability company	Leasing of commercial properties in mainland China	1 ordinary share of USD1	100%
Full Estates Investment Limited <sup>4</sup>	British Virgin Islands, limited liability company	Leasing of commercial properties in mainland China	1 ordinary share of USD1	100%
Keen Ocean Limited <sup>4</sup>	British Virgin Islands, limited liability company	Leasing of commercial properties in mainland China	1 ordinary share of USD1	100%
Tower Top Development Ltd. ("Tower Top") <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary share of USD1	99.99%
Bliss Town Holdings Ltd. <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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. <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Miller Win Group Ltd. <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Shinning Opal Management Ltd. <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Ever Joint Investment International Limited <sup>4</sup>	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
Long Grace Holdings Limited <sup>4</sup>	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
Profit Link Investment International Limited <sup>4</sup>	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
San Bright Holdings Limited <sup>4</sup>	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
Guangzhou Yuecheng Industrial Ltd. <sup>1 4</sup>	Mainland China, limited liability company	Investment holding in mainland China	Registered capital of HK\$300 million	99.99%
Guangzhou Yuesheng Industrial Ltd. <sup>1 4</sup>	Mainland China, limited liability company	Investment holding in mainland China	Registered capital of HK\$300 million	99.99%
Guangzhou Yuehui Industrial Ltd. <sup>1 4</sup>	Mainland China, limited liability company	Investment holding in mainland China	Registered capital of HK\$300 million	99.99%
Guangzhou Yueli Industrial Ltd. <sup>1 4</sup>	Mainland China, limited liability company	Investment holding in mainland China	Registered capital of HK\$300 million	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)
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd. <sup>4</sup>	Mainland China, limited liability company	Property management and property leasing in mainland China	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co. Ltd. <sup>4</sup>	Mainland China, limited liability company	Hospitality management in mainland China	Registered capital of RMB5 million	98.99%
Shanghai Hong Jia Real Estate Development Co., Ltd. <sup>1 4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of USD28.5 million	100%
Bestget Enterprises Limited <sup>4</sup>	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. <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Sure Win International Holdings Limited <sup>4</sup>	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	100%
Wuhan Yuexiu Property Development Limited <sup>2 4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of RMB2,200,000,000	67%
Yuexiu REIT 2017 Company Limited <sup>3 4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Wealthy Reach Holdings Limited <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 <sup>4</sup>	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	100%
Guangzhou Xiujiang Industries Development Co., Limited <sup>1 4</sup>	Mainland China, limited liability company	Investment holding in mainland China	Registered Capital of RMB550,000,000	100%
Hangzhou Yuehui Real Estate Development Co., Limited <sup>4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of RMB470,000,000	100%
Yuexiu REIT 2018 Company Limited <sup>3 4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
廣州晉耀置業有限公司 <sup>4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of RMB1,000,000	100%
廣州譽耀置業有限公司 <sup>4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of RMB1,000,000	100%
廣州景耀置業有限公司 <sup>4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of RMB1,000,000	100%
廣州佳耀置業有限公司 <sup>4</sup>	Mainland China, limited liability company	Leasing of commercial properties in mainland China	Registered capital of RMB1,000,000	100%
廣州匯盛實業投資合夥企業(有限合夥) <sup>4</sup>	Mainland China, limited liability company	Investing holding	Registered capital of RMB8,100,000,000	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)
廣州駿盛經濟信息諮詢有限公司 <sup>1 4</sup>	Mainland China, limited liability company	Investing holding	Registered capital of RMB1,000,000	100%
Legend Smart (China) Limited <sup>4</sup>	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	100%
Gain Force Investments Limited ("Gain Force") <sup>4</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT Secure Shell Limited ("Secure Shell") <sup>3 5</sup>	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Blow Light Investments Limited <sup>4</sup>	Hong Kong, limited liability company	Leasing of commercial properties in Hong Kong	Registered capital of HK\$10,000	100%
Artform Investment Limited <sup>4</sup>	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.

Note:

<sup>1</sup> These companies are registered as wholly foreign owned enterprises under PRC law.

<sup>2</sup> These companies are registered as sino-foreign equity joint venture under PRC law.

<sup>3</sup> Shares of these companies are held directly by Yuexiu REIT.

<sup>4</sup> Shares of these companies are held indirectly by Yuexiu REIT.

<sup>5</sup> There was a change to the underlying transactions, events and conditions of REIT MTN and Secure Shell during the year ended 31 December 2022. Accordingly, the functional currency of the two subsidiaries was changed from RMB to HK\$ and exchange differences on translation of foreign operations of RMB626 million were recorded as other comprehensive losses for the year ended 31 December 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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	
	2022 RMB'000	2021 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 as below:

	As at 31 December	
	2022 RMB'000	2021 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 value of the respective investment properties as at year end is compared with their fair value as at 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 2022 and 2021 indicated no impairment existed.



## 19 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Current assets		
Interest rate swap contracts	37,254	—
Capped foreign exchange forward contracts	38,627	—
Foreign exchange forward contracts	24,124	—
	100,005	—
Non-current liabilities		
Foreign exchange forward contracts	23,151	—
Interest rate swap contracts	—	38,991
	23,151	38,991
Current liabilities		
Foreign exchange forward contracts	—	174,942

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 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 notional principal amounts of the outstanding foreign exchange forward contracts at 31 December 2022 were 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 interest rate swap contracts at 31 December 2022 were HK\$2,800,000,000 due on 21 August 2023 (31 December 2021: HK\$2,800,000,000 due on 21 August 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, capped foreign exchange forward contracts and interest rate swap 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. If significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following amounts were recognised in profit or loss in relation to derivatives:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Net gain/(loss) on derivative financial instruments not qualifying as hedges included in change in fair value of derivative financial instruments	397,763	(65,680)

### 20 TRADE AND LEASE RECEIVABLES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade and lease receivables	33,438	26,797
Loss allowance	(765)	(650)
Trade and lease receivables, net	32,673	26,147

Due to the short-term nature of the current receivables, the fair values of trade and lease receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The ageing analysis of trade and lease receivables by invoice date is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
0 - 30 days	19,520	13,105
31 - 90 days	12,025	12,406
91 - 180 days	925	345
181-365 days	318	332
Over 1 year	650	609
	33,438	26,797

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The identified impairment loss was immaterial.

All of the Group's trade and lease receivables are denominated in RMB.

## 21 INVENTORIES

The balance of inventories mainly consists of food, beverage, consumables and operating supplies.

## 22 LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank and in hand	1,154,625	1,433,605
Short-term bank deposits with original maturity of less than three months	179,148	19,751
Cash and cash equivalents	1,333,773	1,453,356
Short-term bank deposits with original maturity of more than three months and less than twelve months	20,000	23,524
Total	1,353,773	1,476,880
Long-term bank deposits with original maturity of more than twelve months	30,000	—
Maximum exposure to credit risk	1,383,423	1,476,384

As at 31 December 2022, included in the long-term bank deposits, short-term bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB949,818,000 (2021: RMB1,182,502,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of mainland China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of long-term bank deposits, short-term 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 long-term bank deposits, short-term bank deposits and cash and cash equivalents approximate their fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

The effective interest rates (per annum) of the deposits at the balance sheet date were as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Long-term bank deposits with original maturity of more than twelve months	2.60%	—
Short-term bank deposits with original maturity of less than three months	2.00% to 4.50%	1.55%

Long-term bank deposits, short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
RMB	950,168	1,182,998
HK\$	378,224	258,647
USD	55,381	35,235
	1,383,773	1,476,880

### 23 DEFERRED TAX LIABILITIES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	5,362,510	5,180,747
– Deferred tax liabilities to be recovered within 12 months	18,461	20,768
	5,380,971	5,201,515

## 23 DEFERRED TAX LIABILITIES (continued)

The movements in the deferred tax liabilities are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Beginning of the year	5,201,515	4,996,679
Acquisition of subsidiaries	—	11,844
Deferred taxation charged to profit or loss (Note 11)	152,583	174,507
Deferred taxation charged to reserve	26,873	18,485
End of the year	5,380,971	5,201,515

The movements in deferred tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Tax losses and others RMB'000
<b>At 1 January 2021</b>	38,924
Charged to profit or loss	(11,407)
<b>At 31 December 2021</b>	27,517
<b>At 1 January 2022</b>	27,517
Charged to profit or loss	(8,884)
<b>At 31 December 2022</b>	18,633

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23 DEFERRED TAX LIABILITIES (continued)

The movements in deferred tax liabilities (prior to offsetting of 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
<b>Year ended 31 December 2021</b>				
<b>At 1 January 2021</b>	3,703,024	567,689	764,890	5,035,603
Acquisition of subsidiaries	—	—	11,844	11,844
Charged to profit or loss	43,238	33,631	86,231	163,100
Charged to reserve	16,501	1,984	—	18,485
<b>At 31 December 2021</b>	<b>3,762,763</b>	<b>603,304</b>	<b>862,965</b>	<b>5,229,032</b>
<b>Year ended 31 December 2022</b>				
<b>At 1 January 2022</b>	<b>3,762,763</b>	<b>603,304</b>	<b>862,965</b>	<b>5,229,032</b>
Charged to profit or loss	18,303	29,412	95,984	143,699
Charged to reserve	23,988	2,885	—	26,873
<b>At 31 December 2022</b>	<b>3,805,054</b>	<b>635,601</b>	<b>958,949</b>	<b>5,399,604</b>

## 24 TRADE PAYABLES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade payables	25,190	27,561

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables, based on invoice date, is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
0 - 30 days	15,038	16,430
31 - 90 days	7,630	7,734
91 - 180 days	2,402	3,168
180 - 365 days	115	77
Over 1 year	5	152
	25,190	27,561

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	
	2022 RMB'000	2021 RMB'000
Rental deposits		
Current portion	186,238	181,124
Non-current portion	209,987	246,756
	396,225	427,880
Receipts in advance		
Current portion	96,553	118,064
Accrued urban real estate tax	60,702	66,559
Accrued withholding tax payable	11,285	14,059
Accrued surcharge tax	16,753	16,409
Construction payable	186,625	211,232
Transaction costs payable for the acquisition of Gain Force (the "Acquisition") (i)	7,731	78,329
Accruals for operating expenses	170,352	144,049
Accruals and other payables	453,448	530,637
	946,226	1,076,581

(i) On 23 December 2021, the Group completed the acquisition of the 100% equity interest in Gain Force and its subsidiaries, which is 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 their fair values. 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

### 26 BORROWINGS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
<b>Current portion of long term borrowings</b>		
Bank borrowings		
- Secured (Note a)	85,000	268,440
- Unsecured	4,279,124	2,625,544
	4,364,124	2,893,984
<b>Long-term borrowings</b>		
Bank borrowings		
- Secured (Note a)	1,234,400	1,284,400
- Unsecured	14,885,374	12,878,957
Other borrowings, unsecured (Note b)	3,785,383	3,459,082
Total long-term borrowings	19,905,157	17,622,439
Less: current portion of long-term borrowings	(4,364,124)	(2,893,984)
Non-current portion of long-term borrowings	15,541,033	14,728,455
Analysed into:		
Unsecured	18,670,757	16,338,039
Secured	1,234,400	1,284,400
	19,905,157	17,622,439

Note a:

As at 31 December 2022, syndicated and entrustment loans totalling approximately RMB1,234 million (2021: RMB1,284 million) are secured by certain parts of Guangzhou IFC with carrying value of RMB6,892 million (2021: RMB6,966 million).

The Group's borrowings are repayable as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within one year	4,364,124	2,893,984
Between one year and five years	15,541,033	14,557,455
Over five years	—	171,000
	19,905,157	17,622,439



## 26 BORROWINGS (continued)

The effective interest rates (per annum) of the borrowings at the balance sheet date were as follows:

	As at 31 December	
	2022	2021
RMB	3.45%	4.31%
HK\$	5.31%	1.98%
USD	2.72%	2.72%

The carrying amounts of the borrowings are denominated in RMB, HK\$ and USD and approximate their fair values.

	As at 31 December	
	2022 RMB'000	2021 RMB'000
RMB	1,234,400	1,284,400
HK\$	15,885,279	13,793,799
USD	2,785,478	2,544,240
	19,905,157	17,622,439

The Group has undrawn bank borrowing facility of RMB466 million as at 31 December 2022 (2021: HK\$300 million).

Note b:

On 2 February 2021, REIT MTN issued and sold a total of USD400 million principal amount of 2.65% notes due in 2026 to investors under the USD1.5 billion guaranteed medium term note programme established on 16 April 2018 pursuant to the subscription agreement dated 23 April 2018 (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 amount of 3.6% notes both due in May 2024 to investors under the MTN Programme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance	14,717,852	14,584,563
Issuance of units	3,359,022	111,478
Transfer (to)/from the consolidated statement of comprehensive income	(1,086,845)	692,023
Distributions paid during the year	(800,634)	(670,212)
Special distribution for the Acquisition	(85,000)	—
Closing balance	16,104,395	14,717,852

The movements in the number of existing units are as below:

	Year ended 31 December	
	2022	2021
Units in issue ('000)		
Opening balance	3,417,224	3,303,113
Manager's fee in form of units (Note a)	57,153	33,111
Issuance of deferred units during the year (Note b)	75,000	81,000
Rights issue for the Acquisition (the "Rights Issue") (Note c)	1,234,403	—
Closing balance	4,783,780	3,417,224

Note a:

During 2022, 57,152,859 units were issued for payment of manager's fee (2021: 33,110,763 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 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, 75,000,000 Deferred Units were issued on 31 December 2022 (2021: 81,000,000 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 Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

The adjusted Deferred Units Issue Price is HK\$ 3.86 per Unit and the Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment.

Note c:

On 26 January 2022, total 1,234,403,038 units were issued on the basis of 37 units for every 100 units held on Rights Issue record date for HK\$3.20 per unit.

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Reconciliation of (loss)/profit before income tax and transactions with unitholders to cash generated from operations:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
(Loss)/profit before income tax and transactions with unitholders	(272,954)	938,170
Adjustments for:		
- Depreciation expenses of property, plant and equipment	87,509	85,416
- Depreciation of right-of-assets	59,368	59,262
- Amortisation of transaction costs for bank borrowings	27,079	28,171
- Foreign exchange losses/(gains) on financing activities	944,353	(340,561)
- Fair value losses/(gains) on investment properties	95,813	(78,668)
- Fair value (gains)/losses on derivative financial instruments	(397,763)	65,680
- Exchange losses/(gains) on operating activities	33,343	(2,381)
- Loss on disposal of property, plant and equipment	78	—
- Losses on settlement of derivative financial instruments	6,716	35,437
- Impairment allowance for trade and lease receivables	115	47
- Interest income	(25,511)	(26,142)
- Interest and finance charges paid/payable for lease liabilities	342	735
- Interest expenses	543,234	326,478
Changes in working capital:		
- Deferred assets	44,572	49,203
- Inventories	174	1,026
- Trade and lease receivables	(6,507)	(8,494)
- Amounts due from related parties	16,861	(8,309)
- Prepayments, deposits and other receivables	(7,347)	(20,538)
- Trade payables	(2,371)	8,317
- Rental deposits	(29,474)	12,762
- Receipts in advance	(24,108)	(27,966)
- Accruals and other payables	(94,070)	83,873
- Amounts due to related parties	33,966	(3,037)
Cash generated from operations	1,033,418	1,178,481

### (b) Major non-cash transaction:

During the year ended 31 December 2022, 57,852,159 units (2021: 33,110,763 units) amounting to RMB137,054,000 (2021: RMB111,478,000) were issued for payment of manager's fee.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (c) Debt reconciliation

	Liabilities from financing activities				
	Lease liabilities	Derviative financial instrument, net	Borrowings - repayable within one year	Borrowings – repayable after one year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Debt as at 1 January 2021</b>	(20,026)	(353,502)	(3,307,488)	(10,693,312)	(14,374,328)
Cash flows	10,768	205,249	—	—	216,017
Proceeds from new borrowings	—	—	(502,765)	(7,205,463)	(7,708,228)
Repayment of borrowings	—	—	3,774,199	—	3,774,199
Other non-cash movements	(735)	(65,680)	(2,857,930)	3,170,320	245,975
<b>Debt as at 31 December 2021</b>	(9,993)	(213,933)	(2,893,984)	(14,728,455)	(17,846,365)

	Liabilities from financing activities				
	Lease liabilities	Derviative financial instrument, net	Borrowings - repayable within one year	Borrowings – repayable after one year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Debt as at 1 January 2022</b>	(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)
<b>Debt as at 31 December 2022</b>	(33,002)	76,854	(4,364,124)	(15,541,033)	(19,861,305)

## 29 ACQUISITION OF SUBSIDIARIES

On 20 December 2022, Yuexiu REIT completed the acquisition of the 100% equity interest in Artform Investments Limited and Blow Light Investment Limited (the "Target Companies") at cash consideration of RMB108 million and procured to repay the amounts due to Guangzhou Yue Xiu Enterprises (Holdings) Ltd. ("YXE") of RMB6 million ("Intercompany Payables"). The Target Companies are engaged in the leasing of the 17<sup>th</sup> and 23<sup>rd</sup> floors of Yue Xiu Building, an office building located in Hong Kong. The Manager applies the optional test to identify concentration of fair value as prescribed by HKFRS 3 "Business Combination" and considers that the acquired set of activities and assets of Target Companies are not a business. Accordingly, the Manager accounts for the transaction as an acquisition of assets and the consideration should be attributable to the individual assets acquired and liabilities assumed.

	Target Companies RMB'000
The assets and liabilities recognised as a result of the acquisition are as follows:	
Investment properties	113,207
Deferred assets, prepayments, deposits and other receivables	265
Lease receivables	134
Cash and cash equivalents	5
Rental deposits	(416)
Amounts due to YXE	(5,672)
<b>Net assets acquired</b>	<b>107,523</b>
Outflow of cash to acquire the Target Companies, net of cash acquired	
Cash consideration for the acquisition of net assets	107,523
Repayment of Intercompany Payables	5,672
	113,195
Less: cash balance acquired	(5)
Less: cash to be paid for the acquisition as at 31 December 2022	(237)
	112,953
Payment for the remaining consideration of the Acquisition	3,527,788
<b>Net outflow of cash – investing activities</b>	<b>3,640,741</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2022, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 41% (2021: 40%) of Yuexiu REIT's units. The remaining 59% (2021: 60%) 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 2022:

Connected/related companies	Relationship with Yuexiu REIT
YXP <sup>1</sup>	A major unitholder of Yuexiu REIT
the Manager <sup>1</sup>	An associate of YXP
GZ IFC Management <sup>1</sup>	An associate of YXP
Yicheng BM <sup>1</sup>	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV")	A subsidiary of YXP
Baima BM <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Xingye Property Agent Ltd. ("Xingye") <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction and Development Co., Ltd. ("GCCD") <sup>1</sup>	A subsidiary of YXP
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") <sup>1</sup>	Immediate holding company of Yue Xiu
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("GZYFHG")	A subsidiary of GZYX
Yue Xiu	A major shareholder of YXP
YXE <sup>1</sup>	A subsidiary of GZYX
Guangzhou City Construction and Development Group Co., Ltd. ("GCCD BVI") <sup>1</sup>	A subsidiary of YXE
Guangzhou Grandcity Development Ltd. <sup>1</sup>	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL") <sup>1</sup>	A subsidiary of YXP
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. ("Guang Zheng")	A subsidiary of GZYFHG
Guangzhou Suiqiao Development Co., Ltd. ("Suiqiao") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Securities Co., Limited	A subsidiary of GZYFHG
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Leasing Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Holdings Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yue Xiu Enterprises Development Ltd	A subsidiary of YXE
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("Yue Tong") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ("Yue Peng") <sup>1</sup>	A subsidiary of Yue Xiu

### 30 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 2022 (Continued):

Connected/related companies	Relationship with Yuexiu REIT
Yuexiu (China) Transport Infrastructure Investment Company Limited <sup>1</sup>	A subsidiary of Yue Xiu
Yuexiu Transport Infrastructure Limited ("Yuexiu Transport") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited ("Chong Hing Bank") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai")	A subsidiary of Yue Xiu
Guangzhou Paper Group Ltd. <sup>1</sup>	A subsidiary of YXE
Guangzhou Futures Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
廣州市祥港房地產開發有限公司 <sup>1</sup>	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 <sup>1</sup>	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 <sup>1</sup>	A subsidiary of YXP
廣州鵬燁貿易有限公司 <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Financial Technology Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
Shanghai Yuexiu Finance Leasing Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
武漢康景實業投資有限公司 <sup>1</sup>	A subsidiary of YXP
廣州城建開發設計院有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀地產工程管理有限公司	A subsidiary of YXP
廣州越秀商業地產投資管理有限公司 <sup>1</sup>	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 <sup>1</sup>	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 <sup>1</sup>	A subsidiary of YXP
杭州越嘉房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
武漢越秀商業管理有限公司 <sup>1</sup>	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. <sup>1</sup>	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司 <sup>1</sup>	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 <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
廣州悅秀智訊科技信息諮詢有限公司 <sup>1</sup>	A subsidiary of YXP
廣州白馬電子商務股份有限公司	A subsidiary of YXE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 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 2022 (Continued):

Connected/related companies	Relationship with Yuexiu REIT
廣州城建開發裝飾有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀城開房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司	A subsidiary of YXP
廣期資本管理(上海)有限公司 <sup>1</sup>	A subsidiary of GZYFHG
廣州資產管理有限公司 <sup>1</sup>	A subsidiary of GZYFHG
廣州東秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀華城房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州皇上皇集團股份有限公司 <sup>1</sup>	A subsidiary of YXE
廣州風行乳業股份有限公司 <sup>1</sup>	A subsidiary of YXE
金鷹基金管理有限公司 <sup>1</sup>	A subsidiary of GZYFHG
廣州宏勝房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州裕秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越冠房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州匯城實業發展有限公司 <sup>1</sup>	A subsidiary of YXP
廣州敏秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州南方智媒產業園有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越富房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市品薈房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越宏房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市佰城投資發展有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀食品集團有限公司 <sup>1</sup>	A subsidiary of YXE
廣州越秀發展集團有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越創智數信息科技有限公司 <sup>1</sup>	A subsidiary of YXP
廣州皇上皇食品商貿有限公司 <sup>1</sup>	A subsidiary of YXE
廣州市品輝房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市品悅房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州鳴泉居會議中心有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市穗港澳合作交流促進會 <sup>1</sup>	A subsidiary of YXP
廣州城建開發宏城車場物業管理有限公司 <sup>1</sup>	A subsidiary of YXP
湖北悅秀薈房地產經紀有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越達投資有限責任公司 <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
廣州越創房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州國金中心酒店管理有限公司	A subsidiary of YXP
The Trustee <sup>1</sup>	The Trustee of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group") <sup>1</sup>	Associates of the Trustee

<sup>1</sup> 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.



### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Transactions with connected/related companies

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Asset management fee paid/payable to		
–the Manager	166,530	139,733
Property management fees paid/payable to		
–Yicheng BM	26,095	17,156
–Baima BM	2,798	7,810
–GZ IFC Management	17,820	18,895
Rental income received/receivable from		
–Chong Hing Bank	4,683	4,780
–Chong Hing Guangzhou	14,286	293
–廣期資本管理(上海)有限公司	4,119	1,468
–廣州城建開發設計院有限公司	1,675	445
–廣州城建開發裝飾有限公司	733	733
–廣州東秀房地產開發有限公司	2,717	1,485
–廣州東耀房地產開發有限公司	—	6,619
–廣州風行乳業股份有限公司	413	67
–Guangzhou Grandcity Development Ltd.	—	34
–廣州宏勝房地產開發有限公司	4,732	104
–廣州皇上皇集團股份有限公司	345	319
–廣州皇上皇食品商貿有限公司	476	—
–廣州匯城實業發展有限公司	3,540	11,290
–廣州敏秀房地產開發有限公司	2,368	63
–廣州鳴泉居會議中心有限公司	23	—
–廣州南方智媒產業園有限公司	1,579	42
–廣州鵬燁貿易有限公司	1,196	1,195
–Guangzhou Futures Co., Ltd.	2,188	6,360
–廣州市佰城投資發展有限公司	8,794	—
–廣州市城建開發集團名特網絡發展有限公司	1,781	2,110
–GCCD	16,226	22,301

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Rental income received/receivable from		
-廣州市品輝房地產開發有限公司	2,492	—
-廣州市品蒼房地產開發有限公司	3,697	78
-廣州市品悅房地產開發有限公司	3,028	—
-廣州市穗港澳合作交流促進會	379	8
-廣州市祥港房地產開發有限公司	—	9,391
-Suiqiao	569	569
-廣州裕秀房地產開發有限公司	825	73
-廣州悅秀智訊科技信息諮詢有限公司	2,210	2,183
-廣州越創房地產開發有限公司	626	4,768
-廣州越創智數信息科技有限公司	332	—
-廣州越達投資有限責任公司	7,227	7,227
-廣州越冠房地產開發有限公司	6,059	133
-廣州越宏房地產開發有限公司	8,808	—
-Yue Peng	756	756
-Yue Tong	1,242	740
-Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	1,008	716
-GZ JLL	17,389	16,911
-廣州越秀城開房地產開發有限公司	10,241	107
-Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	1,610	1,213
-廣州越秀發展集團有限公司	163	—
-廣州越秀華城房地產開發有限公司	36,429	2,335
-GZYX	40,140	173
-Guangzhou Yuexiu Financial Technology Co., Ltd.	365	325
-Guangzhou Yuexiu Financial Holdings Co., Ltd.	21,785	17,019
-Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	—	662

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
-YXE	17,385	54,185
-Guangzhou Yuexiu Financial Leasing Co., Ltd.	13,170	1,572
-廣州越秀商業地產投資管理有限公司	671	788
-Guangzhou Yuexiu Business Operation Management Co., Ltd.	18	20
-廣州越秀食品集團有限公司	117	284
-Xingye	6,019	7,364
-Yicheng BM	7,720	9,209
-廣州越秀資本投資管理有限公司	4,182	4,095
-GZ IFC Management	11,074	11,498
-廣州樾富房地產開發有限公司	1,012	88
-Guangzhou Paper Group Ltd.	281	284
Rental income received/receivable from		
-廣州資產管理有限公司	16,936	1,791
-杭州杭秀房地產開發有限公司	1,066	269
-杭州越嘉房地產開發有限公司	2,163	545
-杭州越秀房地產開發有限公司	5,599	6,414
-金鷹基金管理有限公司	8,011	191
-Shanghai Yuexiu Finance Leasing Co., Ltd.	6,212	6,570
-武漢康景實業投資有限公司	3,021	5,768
-武漢越秀商業管理有限公司	3,737	7,279
-Yuexiu (China) Transport Infrastructure Investment Company Limited	829	—
-湖北悅秀薈房地產經紀有限公司	11	33
	Year ended 31 December	
	2022 HKD'000	2021 HKD'000
Rental income received/receivable from		
-YXP	28	—
-the Manager	28	—
-Yuexiu Transport	28	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Naming right income received/receivables from		
–GCCD	—	14,000
–YXP	20,000	20,000
Interest income received/receivable from		
–GCCD	3,453	3,503
–Chong Hing Guangzhou	882	860
Trustee's fee paid/payable to		
–the Trustee	12,703	10,248
Principal element of lease payments paid to		
–廣州越秀星寓公寓管理有限公司	10,847	10,768
Interest expense paid/payable to		
–HSBC Group	17,616	11,781
–Chong Hing Guangzhou	2,496	5,375
–YXP	3,619	1,072
Bond underwriter's fee paid/payable to		
–HSBC Group	2	2

Note:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements governing the transactions.

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (b) Balances with related companies

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Amount due from GCCD (i)	42,063	42,089
Amount due from YXP	3,165	20,000
Amount due to Yicheng BM	4,992	3,376
Amount due to Baima BM	36,337	23,811
Amount due to the Manager	84,670	68,931
Amount due to GZ IFC Management	3,517	1,773
Amount due to GCD (China)	1,519	34,475
Amount due to GCCD BVI	10,000	10,000
Amount due to YXP	1,001	3,501,072
Bank deposit in Chong Hing Bank	54,304	54,042
Bank borrowing from Chong Hing Guangzhou	—	121,146
Bank borrowing from the HSBC Group	348,375	678,608
Derivative financial instrument from HSBC Group	8,476	20,906
Rental income receivables from related companies	2,294	4,626
Receipts in advance from related companies	4,538	6,579
Rental deposits from related companies (ii)	88,012	83,377
Trade payable to related companies	2,387	6,024

Except for an amount due from GCCD of approximately RMB40 million (31 December 2021: 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 approximation to their fair values.

Note:

- (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 (2021: 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 balance sheet.

#### (c) Key management compensation

There was no key management compensation for the year ended 31 December 2022 (2021: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31 CAPITAL COMMITMENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	32,404	13,506

### 32 FUTURE MINIMUM RENTAL RECEIVABLE

The future minimum rental receivable under non-cancellable operating leases are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within one year	1,258,688	1,317,906
Between one year and five years	1,705,440	2,001,030
Over five years	52,519	68,295
	3,016,647	3,387,231

## PERFORMANCE TABLE

AS AT 31 DECEMBER 2022

	2022	2021	2020	2019	2018
Net assets attributable to Unitholders (RMB)	16,104,395,000	14,717,852,000	14,584,563,000	14,599,360,000	14,454,122,000
Net asset attributable to Unitholders per unit (including net assets attributable to deferred Unitholder) (RMB)	3.37	4.31	4.42	4.55	4.65
(Equivalent to HK\$)	3.77	5.27	5.25	5.08	5.41
The highest premium of the traded price to net asset value (HK\$)	N/A	N/A	0.10	0.55	0.19
The highest discount of the traded price to net asset value (HK\$)	2.45 <sup>(i)</sup>	2.07 <sup>(i)</sup>	2.05	0.13	0.72
Net (loss)/ yield per unit	(6.07)% <sup>(ii)</sup>	5.9% <sup>(ii)</sup>	4.7%	5.9%	6.20%
Number of units in issue (units)	4,783,780,325	3,417,224,428	3,303,113,665	3,205,856,551	3,106,450,427

## Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$3.47 (2021: HK\$4.20) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2022. The highest discount is calculated based on the lowest traded price of HK\$1.32 (2021: HK\$3.20) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2022.
- (ii) Net (loss)/yield per unit is calculated based on (loss)/profit after tax before transactions with unitholders per unit for the year ended 31 December 2022 over the closing price of HK\$1.97 (2021: HK\$3.23) as at 31 December 2022.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of Yuexiu REIT for the last five financial years is set out below:

	Year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
<b>Results</b>					
(Loss)/profit after tax before transactions with Unitholders	(510,940)	674,562	587,121	940,408	966,519

	As at 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
<b>Assets and Liabilities</b>					
Total assets	43,866,432	43,862,248	36,260,137	36,425,456	35,835,066
Total Liabilities, other than net assets attributable to Unitholders	26,544,795	27,938,370	20,487,471	20,620,701	20,239,132
Net assets attributable to Unitholders	16,104,395	14,717,852	14,584,563	14,599,360	14,454,122



# CORPORATE AND INVESTOR RELATIONS INFORMATION

## BOARD OF DIRECTORS OF THE MANAGER

### EXECUTIVE DIRECTORS

Mr. Lin Deliang (*Chairman*)  
Ms. Ou Haijing

### NON-EXECUTIVE DIRECTORS

Mr. Li Feng  
Mr. Zeng Zhizhao

## INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek  
Mr. Chan Chi Fai, Brian  
Mr. Cheung Yuk Tong  
Mr. Chen Xiaou

## RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Lin Deliang  
Ms. Ou Haijing  
Mr. Kwan Chi Fai

## COMPANY SECRETARY OF THE MANAGER

Mr. Yu Tat Fung

## CHIEF FINANCIAL OFFICER OF THE MANAGER

Mr. Kwan Chi Fai

## TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

## AUDITOR OF YUEXIU REIT

PricewaterhouseCoopers  
Certified Public Accountants and Registered PIE Auditor

## PRINCIPAL VALUER

Colliers International (Hong Kong) Limited

## HONG KONG LEGAL ADVISER

Baker & McKenzie

## CORPORATE AND INVESTOR RELATIONS INFORMATION

### PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited  
Bank of Communications (Hong Kong) Limited  
CMB Wing Lung Bank Limited  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Ping An Bank Co., Ltd.  
Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
The Hong Kong and Shanghai Banking Corporation Limited

### WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

<http://www.yuexiureit.com>  
<http://www.hkex.com.hk>

### REGISTERED OFFICE OF THE MANAGER

Flat B, 17/F  
Yue Xiu Building  
160 Lockhart Road  
Wanchai, Hong Kong

### UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Center  
16 Harcourt Road, Hong Kong

### LISTING EXCHANGE

UNITS:  
The Stock Exchange of Hong Kong Limited-00405

BOND:  
The Stock Exchange of Hong Kong Limited  
US\$400,000,000 2.65% Notes due 2026  
(Stock code: 40577)

### INVESTOR RELATIONS

For further information about  
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# 越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

[www.yuexiureit.com](http://www.yuexiureit.com)

17B Yue Xiu Bldg., 160 Lockhart Road, Wanchai, Hong Kong

Manager

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