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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)

Managed by



越秀房託資產管理有限公司

YUEXIU REIT ASSET MANAGEMENT LIMITED

ANNOUNCEMENT

PROPOSED ISSUE OF CNY1,500,000,000 4.15% GUARANTEED NOTES DUE 2026

This announcement is made pursuant to paragraph 10.3 of the REIT Code.

The Board wishes to announce that on 17 March 2023, the Issuer, the REIT Manager and the Joint Lead Managers entered into the Subscription Agreement, pursuant to which the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Notes, and the Issuer has agreed to issue the Notes on the Issue Date to the Joint Lead Managers or as the Joint Lead Managers may direct. The Notes will be issued at 100.0% of their aggregate principal amount. The gross proceeds from the offering of the Notes are expected to be approximately CNY1,500,000,000.

The Notes will be offered and issued to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular no. 033/B/2010-DSB/AMCM dated 17 September 2010), Section 2.1.6 of the Guideline on Underwriting and Custody of Corporate Bond (Circular no. 009/B/2019-DSB/AMCM dated 28 June 2019) and Section 2.1.6 of the Guideline on Management of Corporate Bond Issuance and Trading (Circular no. 008/B/2021-DSB/AMCM dated 26 May 2021)) only. The Issuer will apply for the listing of the Notes on the MOX.

The transactions under the Subscription Agreement, among which include: (i) the payment of Underwriting Fees and Expenses to Yue Xiu Securities Company Limited and Chong Hing Bank Limited; and (ii) the subscription of the Notes by Yue Xiu Securities Company Limited and Chong Hing Bank Limited, constitute connected party transactions of Yuexiu REIT under the REIT Code. As each of Yue Xiu Securities Company Limited and Chong Hing Bank Limited will only subscribe for the Notes on the same terms as the other Joint Lead Managers, the REIT Manager considers such transactions to be unsecured financial assistance received by Yuexiu REIT from a connected person on normal commercial terms, and accordingly, such transactions are fully exempt from the REIT Code connected party transaction requirements (including the reporting and announcement requirements) having regard to the exception under Rule 14A.90 of the Listing Rules. As the highest applicable percentage ratio for the Underwriting Fees and Expenses payable to Yue Xiu Securities Company Limited and Chong Hing Bank Limited under the Subscription Agreement, as calculated in accordance with Chapter 14 of the Listing Rules (as applied pursuant to paragraph 8.7A of the REIT Code) is less than 0.1%, such transactions will be regarded as *de minimis* connected transactions and are fully exempt from the announcement, reporting and independent Unitholders' approval requirements under Chapter 8 of the REIT Code.

The net proceeds of the Proposed Notes Issue, after deducting underwriting commissions to be charged by the Joint Lead Managers and other expenses in connection with the Proposed Notes Issue, will be approximately CNY1,492 million. Such net proceeds are intended to be used for refinancing of certain indebtedness of Yuexiu REIT.

As the CNY1,500,000,000 in aggregate principal amount of the Notes will effectively replace certain indebtedness of Yuexiu REIT, the REIT Manager does not expect there to be any material change in Yuexiu REIT's gearing ratio immediately before and after the issue of the Notes. Such gearing ratio shall fall within the 50% threshold permitted under paragraph 7.9 of the REIT Code. For reference, as disclosed in the latest published financial results of Yuexiu REIT for the year ended 31 December 2022, the gearing ratio of Yuexiu REIT was approximately 45.4% as at 31 December 2022.

Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Subscription Agreement may or may not be completed and the Proposed Notes Issue may or may not proceed, Unitholders and prospective investors are reminded to exercise caution when dealing in the unites of Yuexiu REIT.

This announcement is made pursuant to paragraph 10.3 of the REIT Code.

The Board wishes to announce that on 17 March 2023, the Issuer as issuer, the REIT Manager and the Joint Lead Managers as joint lead managers entered into the Subscription Agreement.

SUBSCRIPTION AGREEMENT

Date: 17 March 2023

Parties:

- (1) the Issuer, as issuer
- (2) the REIT Manager (in its capacity as manager of Yuexiu Real Estate Investment Trust)
- (3) the Joint Lead Managers, being China Securities (International) Corporate Finance Company Limited, Chong Hing Bank Limited, Yue Xiu Securities Company Limited, DBS Bank Ltd., Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Hua Xia Bank Co., Limited Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB Wing Lung Bank Limited, Bank of Communications Co., Ltd. Hong Kong Branch and CLSA Limited, as joint lead managers in relation to the Notes

To the best of the knowledge, information and belief of the directors of the REIT Manager, having made all reasonable enquiries, save for Yue Xiu Securities Company Limited and Chong Hing Bank Limited, the Joint Lead Managers are not connected persons of Yuexiu REIT under the REIT Code and are independent third parties.

Subject to and in accordance with the provisions of the Subscription Agreement, the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Notes, and the Issuer has agreed to issue the Notes on the Issue Date to the Joint Lead Managers or as the Joint Lead Managers may direct. The Notes will be issued at 100.0% of their aggregate principal amount. The gross proceeds from the offering of the Notes are expected to be approximately CNY1,500,000,000.

The Issuer and the REIT Manager have agreed that the Issuer will (failing whom the REIT Manager will) pay the Joint Lead Managers the Underwriting Fees and Expenses. Such Underwriting Fees and Expenses will be paid to the Joint Lead Managers after the Issue Date in accordance with the Subscription Agreement.

The Notes will be offered and issued to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular no. 033/B/2010-DSB/AMCM dated 17 September 2010), Section 2.1.6 of the Guideline on Underwriting and Custody of Corporate Bond (Circular no. 009/B/2019-DSB/AMCM dated 28 June 2019) and Section 2.1.6 of the Guideline on Management of Corporate Bond Issuance and Trading (Circular no. 008/B/2021-DSB/AMCM dated 26 May 2021)) only. The Notes will be offered and sold only outside the United States in reliance on Regulation S under the Securities Act.

Conditions Precedent in the Subscription Agreement

The obligations of the Joint Lead Managers to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Notes, are conditional upon, among other things:

- (a) the Issuer and the REIT Manager, having performed all of their obligations under the Subscription Agreement to be performed on or before the Issue Date and upon the accuracy, on the Issue Date, of the representations and warranties of the Issuer and the REIT Manager;

- (b) the REIT Trustee having performed all of its obligations under the REIT Trustee Letter to be performed on or before the Issue Date and upon the accuracy, on the Issue Date, of the representations and warranties of the REIT Trustee in the REIT Trustee Letter; and
- (c) the MOX having agreed to list the Notes, subject only to their issue.

PRINCIPAL TERMS OF THE NOTES

Notes Offered

The Notes will comprise CNY1,500,000,000 4.15% guaranteed notes to be subscribed, or to be procured to be subscribed, severally and not jointly by the Joint Lead Managers, which will mature in 2026.

Issue Price

The Notes shall be issued at a price equal to 100.0% of the principal amount of the Notes plus accrued interest, if any, from 24 March 2023 to the Issue Date.

Interest Rate

The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.15% per annum, payable annually in arrear on 24 March in each year.

Based on the issue price and interest payable on the Notes, the yield to maturity of the Notes is 4.15%.

Ranking of the Notes and Guarantee

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

Redemption Rights

The Noteholders are entitled to certain redemption rights under the Terms and Conditions, including (among others) the Change of Control Put Option.

If, at any time while any of the Notes remains outstanding, a Change of Control Put Event occurs, then the holder of each such Note will have the option (a "**Change of Control Put Option**"), subject to certain conditions, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined in the Terms and Conditions) at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A “**Change of Control Put Event**” includes

- (a) any person or persons (other than the Permitted Holders) acting together acquires Control of the REIT Manager; or
- (b) the Permitted Holders cease to have, either directly or indirectly or as the beneficiary of a trust, acting individually or together, Control of the REIT Manager or any subsequent manager of Yuexiu REIT; or
- (c) the percentage ownership of units of Yuexiu REIT held by the Permitted Holders (whether directly or through any one or more of its Subsidiaries (as defined in the Terms and Conditions)) is less than 15 per cent. of the total number of units of Yuexiu REIT in issue (from time to time) for a period of more than 21 consecutive Trading Days (as defined in the Terms and Conditions); or
- (d) the Permitted Holders in the aggregate cease to be the single largest owner of the units of Yuexiu REIT.

Accordingly, the condition described above imposes obligations on GZYZ to maintain a minimum holding in the share capital of the REIT Manager and in the units of Yuexiu REIT, which constitutes specific performance obligations on a controlling Unitholder under Rule 13.18 of the Listing Rules, the breach of which would entitle the Noteholders to exercise their Change of Control Put Options pursuant to the Terms and Conditions.

The aggregate amount of the Notes that may be affected if the Noteholders exercise their Change of Control Put Options is CNY1,500,000,000, being the aggregate principal amount of the Notes. The life of the facility for the purpose of Rule 13.18 of the Listing Rules is three years in respect of the Notes.

LISTING

The Issuer will apply for the listing of the Notes on the MOX by way of debt issues to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular no. 033/B/2010-DSB/AMCM dated 17 September 2010), Section 2.1.6 of the Guideline on Underwriting and Custody of Corporate Bond (Circular no. 009/B/2019-DSB/AMCM dated 28 June 2019) and Section 2.1.6 of the Guideline on Management of Corporate Bond Issuance and Trading (Circular no. 008/B/2021-DSB/AMCM dated 26 May 2021)) only.

CONNECTED PARTY TRANSACTIONS

Yue Xiu Securities Company Limited and Chong Hing Bank Limited are connected persons of Yuexiu REIT under paragraph 8.1(f) of the REIT Code by virtue of being associates (as defined in the REIT Code) of Yue Xiu Enterprises (Holdings) Limited, which is a controlling unitholder (as defined in the REIT Code) of Yuexiu REIT, and a controlling shareholder of the REIT Manager. Accordingly, any transactions with Yue Xiu Securities Company Limited and Chong Hing Bank Limited, including the entering into of the Subscription Agreement and the transactions thereunder, would constitute connected party transactions of Yuexiu REIT under the REIT Code. Each of Yue Xiu Securities Company Limited and Chong Hing Bank Limited has entered into the Subscription Agreement and the relevant connected party transactions, being transactions under the Subscription Agreement, which comprise: (i) the payment of Underwriting Fees and Expenses to Yue Xiu Securities Company Limited and Chong Hing Bank Limited; and (ii) the subscription of the Notes by Yue Xiu Securities Company Limited and Chong Hing Bank Limited (the “**Relevant CPTs**”).

As Yue Xiu Securities Company Limited and Chong Hing Bank Limited will only subscribe for the Notes on the same terms as the other Joint Lead Managers, the REIT Manager considers such transactions to be unsecured financial assistance received by Yuexiu REIT from a connected person on normal commercial terms, and accordingly, such transactions are fully exempt from the REIT Code connected party transaction requirements (including the reporting and announcement requirements) having regard to the exception under Rule 14A.90 of the Listing Rules. As the highest applicable percentage ratio for the Underwriting Fees and Expenses payable to Yue Xiu Securities Company Limited and Chong Hing Bank Limited under the Subscription Agreement, as calculated in accordance with Chapter 14 of the Listing Rules (as applied pursuant to paragraph 8.7A of the REIT Code) is less than 0.1%, such transactions will be regarded as *de minimis* connected transactions and are fully exempt from the announcement, reporting and independent Unitholders' approval requirements under Chapter 8 of the REIT Code.

After due consideration of the terms of the Subscription Agreement and other relevant factors in connection with the refinancing needs of Yuexiu REIT, the Board (including the independent non-executive directors), having taken account of the duties of the REIT Manager set out in the REIT Code and the REIT Trust Deed, are satisfied that: (i) the Subscription Agreement and the transactions contemplated thereunder are (a) at arm's length, consistent with Yuexiu REIT's investment policy and in compliance with the REIT Code and the REIT Trust Deed; (b) on normal commercial terms, which are fair and reasonable and in the interests of Yuexiu REIT, the independent Unitholders and the Unitholders as a whole notwithstanding that the Relevant CPTs with Yue Xiu Securities Company Limited and Chong Hing Bank Limited constitute connected party transactions of Yuexiu REIT under the REIT Code; and (ii) no Unitholders' approval is required under the REIT Code and the REIT Trust Deed for the Subscription Agreement and the transactions contemplated thereunder.

Based and in sole reliance on the information and assurances provided by the REIT Manager including in this announcement, and the opinion of the audit committee of the REIT Manager in respect of the terms of the Subscription Agreement, which is consistent with the opinion of the Board, the REIT Trustee, having taken into account its duties set out in the REIT Code and the REIT Trust Deed, is of the view that: (i) the transactions contemplated under the Subscription Agreement include the Relevant CPTs; (ii) the terms of the Relevant CPTs are: (a) consistent with Yuexiu REIT's investment policy and in compliance with the REIT Code and the REIT Trust Deed; (b) on normal commercial terms which are fair and reasonable and in the interests of the Unitholders as a whole; and (iii) no Unitholders' approval is required under the REIT Code and the REIT Trust Deed for the Relevant CPTs. Accordingly, and on the above basis, the REIT Trustee has no objection to such Relevant CPTs.

OTHER INFORMATION

Use of Net Proceeds and Gearing Ratio

The net proceeds of the Proposed Notes Issue, after deducting underwriting commissions to be charged by the Joint Lead Managers and other expenses in connection with the Proposed Notes Issue, will be approximately CNY1,492 million. Such net proceeds are intended to be used for refinancing of certain indebtedness of Yuexiu REIT.

As the CNY1,500,000,000 in aggregate principal amount of the Notes will effectively replace certain indebtedness of Yuexiu REIT, the REIT Manager does not expect there to be any material change in Yuexiu REIT's gearing ratio immediately before and after the issue of the Notes. Such gearing ratio shall fall within the 50% threshold permitted under paragraph 7.9 of the REIT Code. For reference, as disclosed in the latest published financial results of Yuexiu REIT for the year ended 31 December 2022, the gearing ratio of Yuexiu REIT was approximately 45.4% as at 31 December 2022.

Further Announcements

The REIT Manager will make further announcements in relation to the Proposed Notes Issue in accordance with the requirements of the REIT Code.

Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Subscription Agreement may or may not be completed and the Proposed Notes Issue may or may not proceed, Unitholders and prospective investors are reminded to exercise caution when dealing in the units of Yuexiu REIT.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of directors of the REIT Manager
“Change of Control Put Option”	has the meaning given to it in the paragraph headed “Redemption Rights” of this announcement
“Change of Control Put Event”	has the meaning given to it in the paragraph headed “Redemption Rights” of this announcement
“CNY”	the lawful currency of the PRC

“Control”	of any person means the acquisition or control of more than 30 per cent. of the voting rights of the issued share capital of such person or the right to appoint and/or remove all or the majority of the members of such person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Deposited Property”	has the meaning given in the REIT Trust Deed
“Guarantee”	unconditional and irrevocable guarantee of the due payment of all sums expressed to be payable by the Issuer under the Notes Trust Deed and the Notes to be given by the REIT Trustee
“GZYX”	廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited), a limited liability company incorporated in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	24 March 2023, or such later date, not being later than 7 April 2023, as the Issuer and the Joint Lead Managers may agree
“Issuer”	MOON KING LIMITED, a company incorporated in the British Virgin Islands with limited liability and a registered non-Hong Kong company carrying on business in Hong Kong under the name “Yuexiu REIT Moon King Limited” instead of “MOON KING LIMITED”, which is wholly-owned by the REIT Trustee
“Joint Lead Managers”	China Securities (International) Corporate Finance Company Limited, Chong Hing Bank Limited, Yue Xiu Securities Company Limited, DBS Bank Ltd., Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Hua Xia Bank Co., Limited Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB Wing Lung Bank Limited, Bank of Communications Co., Ltd. Hong Kong Branch and CLSA Limited, and “ Joint Lead Manager ” shall mean any one of them
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macao Special Administrative Region of the PRC
“MOX”	Chongwa (Macao) Financial Asset Exchange Co., Ltd.
“Noteholders”	the holders of the Notes
“Notes”	CNY1,500,000,000 4.15% guaranteed notes due 2026 of the Issuer

“Notes Trust Deed”	the trust deed to be executed by the Issuer, the REIT Manager, the REIT Trustee and the trustee of the Notes named therein on or around the Issue Date relating to the Notes
“Offering Circular”	the offering circular of the Issuer dated 17 March 2023 in relation to the Notes
“Permitted Holders”	means State-Owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government, GZYS, Yuexiu Property Company Limited or their respective successors
“PRC”	the People’s Republic of China and for geographical reference only (unless otherwise stated) excludes Hong Kong, Macau and Taiwan
“Proposed Notes Issue”	the proposed issue of the Notes
“REIT Code”	the Code on Real Estate Investment Trusts published by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time
“REIT Manager”	Yuexiu REIT Asset Management Limited (in its capacity as manager of Yuexiu Real Estate Investment Trust)
“REIT Trust Deed”	the trust deed between REIT Trustee and the REIT Manager constituting Yuexiu REIT dated 7 December 2005, as amended, supplemented and/or restated from time to time
“REIT Trustee”	HSBC Institutional Trust Services (Asia) Limited (in its capacity as the trustee of, and with recourse limited to the assets of, Yuexiu REIT)
“REIT Trustee Letter”	a letter agreement dated 17 March 2023 from the REIT Trustee to the REIT Manager and the Joint Lead Managers
“Relevant CPTs”	has the meaning given to it in the paragraph headed “Connected Party Transactions” of this announcement
“Subscription Agreement”	the subscription agreement dated 17 March 2023 entered into between the Issuer as issuer, the REIT Manager and the Joint Lead Managers as joint lead managers in relation to the Proposed Notes Issue
“Terms and Conditions”	the terms and conditions of the Notes contained in the Offering Circular
“Underwriting Fees and Expenses”	management and underwriting commission payable by the Issuer, failing whom the REIT Manager, to the Joint Lead Managers and reimbursement of certain of the Joint Lead Managers’ expenses in connection with the issue of the Notes

“Unitholder(s)”

the unitholder(s) of Yuexiu REIT

“Yuexiu REIT”

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), the units of which were first listed on The Stock Exchange of Hong Kong Limited (Stock Code: 00405)

By Order of the Board
Yuexiu REIT Asset Management Limited
(as manager of Yuexiu Real Estate Investment Trust)
Yu Tat Fung
Company Secretary

Hong Kong, 17 March 2023

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

Executive Directors:

Mr. LIN Deliang (Chairman) and Ms. OU Haijing

Non-executive Directors:

Mr. LI Feng and Mr. ZENG Zhizhao

Independent Non-executive Directors:

*Mr. CHAN Chi On, Derek, Mr. CHAN Chi Fai, Brian,
Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou*