



# 越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme under section 104 of the Securities and Future Ordinance <chapter 571 of the Laws of Hong Kong>)

Stock Code: 00405

Interim Report **2013**



MANAGER



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



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## Performance Summary

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The following is a summary of Yuexiu REIT's financial results during the 2013 and 2012 Interim Period:

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

	Six months ended 30 June		Change Increase/ (Decrease) %
	2013	2012	
Gross Income	<b>638,934,000</b>	271,489,000	135.3%
Net property income	<b>399,070,000</b>	212,329,000	87.9%
Profit after tax	<b>230,253,000</b>	252,992,000	(9.0)%
Earnings per unit	<b>0.0839</b>	0.2373	(64.6)%
	<b>30 June</b>	31 December	<b>Change Increase/ (Decrease) %</b>
	<b>2013</b>	2012	
Distribution per Unit	<b>0.1012</b>	0.1037	(2.4)%
Equivalent to HK\$	<b>0.1272</b>	0.1282	(0.8)%
Portfolio valuation	<b>22,534,000,000</b>	22,326,000,000	0.9%
Net assets attributable to Unitholders	<b>12,515,217,000</b>	12,524,083,000	(0.1)%
Net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit	<b>4.55</b>	4.57	(0.4)%

## Report of the Chief Executive Officer



### Dear Unitholder of Yuexiu REIT,

On behalf of the management team of Yuexiu REIT Asset Management Limited (“Manager”), Manager of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”), I am very pleased to present to you the interim report of Yuexiu REIT for the first half of 2013.

### Results and Distribution

Despite the slowdown in the economy of the People’s Republic of China (“PRC”), Yuexiu REIT managed to achieve better results during the first half of 2013. With the premium properties in the portfolio and collaborative efforts of the entire management team of Yuexiu REIT, all key operating indicators were above attainment targets, demonstrating a continuous and healthy growth trend.

For the period from 1 January 2013 to 30 June 2013 (“2013 Interim Period”), Yuexiu REIT declared an interim distribution of approximately RMB278,547,000 (approximately HK\$350,145,000), as compared to the interim distribution of RMB118,775,000 (approximately HK\$145,718,000) for the same period last year. Each Unitholder will receive a distribution amount of approximately RMB0.1012 (approximately HK\$0.1272) per unit, as compared to the distribution amount of RMB0.1114 (approximately HK\$0.1367) per unit for the same period last year. Based on the closing price of HK\$4.23 per unit as at 30 June 2013, the distribution rate will be approximately 3.01%.

As at 30 June 2013, Yuexiu REIT owned six properties ("Properties"), namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units ("Fortune Plaza"), City Development Plaza Units ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Yue Xiu Neo Metropolis Plaza Units ("Neo Metropolis") and Guangzhou International Finance Center ("GZIFC"), with a total rentable area of 441,297.9 sq.m, of which a total area of 389,210.55 sq.m is currently leased out. The overall occupancy rate of the Properties is 88.20%, representing an increase of 1.66% as compared to the same period last year. The occupancy rate of GZIFC was 74.13%, representing an increase of 3.95%.

For the 2013 Interim Period, Yuexiu REIT recorded a total revenue of approximately RMB638,934,000, representing an increase of 135.3% as compared to RMB271,489,000 for the same period last year. The rent collection rate continued to remain at 100% without bad debts. All of the Properties were under stable operation with persistent and steady growth.

## Market Review

The overall slowdown in global economy of 2012 continued throughout the first half of 2013 and difficult economic recovery continued amid strenuously adjusting conditions. No fundamental change was seen in the growth imbalance among major economies. China's economy lost its momentum after the limited and short-lived rebound in the fourth quarter of 2012 and downturn re-emerged in the first half of the year. According to the statistics released by the National Bureau of Statistics, the gross domestic product ("GDP") of the PRC for the first six months amounted to RMB24,800.9 billion, representing an increase of 7.6% over the same period last year.

Amid the complex and difficult global and domestic economic situation, Guangzhou maintained a slow yet steady economic growth and showed a positive development trend. According to the data released by Guangzhou Municipal Bureau of Statistics, the GDP of Guangzhou for the first six months of 2013 amounted to approximately RMB705.242 billion, representing an increase of 12.4% over the same period last year; the total retail sales of social consumables amounted to RMB330.028 billion, representing an increase of 15.6% over the same period last year.

The continual oversupply of Grade A office spaces in Guangzhou, particularly in Zhujiang New Town, resulted in a slight increase in the overall vacancy rate during the first half of the year. As the high-end hotel market of Guangzhou is still in the stage of stock consumption due to the abundant new supply launched onto the market since 2010, together with the opening of a number of luxury hotels at the end of last year, market competition becomes more rigorous. In respect of serviced apartments, the market focuses on supplying high-end brand projects, which has further upgraded the overall market ranking and exacerbated the competitive situation.

# Report of the Chief Executive Officer

## Business Operating Strategies

The operations of the original White Horse Building, Fortune Plaza, City Development Plaza, Yue Xiu Neo Metropolis Plaza and Victory Plaza sustained a stable growth trend. Among them, White Horse Building has actively implemented renovation on certain floors so as to increase asset value and improve customers' shopping experience; Fortune Plaza and City Development Plaza carried out strategies targeted at optimizing tenancy portfolio and achieved continuous enhancement of customer service quality, which ultimately resulted in a substantial increase in property rent; Neo Metropolis actively managed expiring leases and focused on securing high-quality customers; Victory Plaza endeavored to implement its operational adjustments plan, and successfully brought in UNIQLO's global flagship store, secured the positioning of "Fast Fashion" and constantly adjusted brand portfolio.

For GZIFC, a comprehensive commercial project of Yuexiu REIT, the Manager made full use of the project's competitive advantage in possessing comprehensive resources and adopting a proactive strategy to cope with market pressures. In terms of business solicitation for office spaces, the Manager was dedicated to fully explore the market potential, identified and networked renowned customers matching the market positioning of various projects, and carried out different effective marketing activities to enhance the project image and recognition. Through multi-channel marketing and continuous accumulation of customer base, the operation of Four Seasons Hotel and Ascott Apartments gradually became more mature.

## Investment And Financial Strategies

In the first half of 2013, following the completion of the GZIFC transaction, the Manager continued to pursue a prudent investment strategy for seeking suitable investment targets, through constantly looking for and researching on premium commercial properties projects, the Manager aimed at expanding the size of Yuexiu REIT and creating long-term and stable revenue for the Unitholders.

Yuexiu REIT implemented stable and risk-averting financial policies. As at 30 June 2013, the gearing ratio (total borrowings to total assets) was maintained at 33.4%, which was well under the upper limit of 45% as required under the REIT Code.

The Manager continued to strive for optimising the financial structure of the REIT. In the first half of 2013, the Yuexiu REIT was granted an investment-grade rating of Baa2 by Moody's and BBB by Standard & Poors, and successfully completed the issuance of US\$350,000,000 at 3.1% five-year guaranteed medium-term note ("MTN"). Such issuance was Yuexiu REIT's first overseas MTN issuance, which helped optimise the financial structure of Yuexiu REIT.

## Asset Enhancement Strategies

The Manager was committed to continuously improving the safety level, business operation conditions and office environment of the Properties owned by Yuexiu REIT, in particular, the ongoing asset enhancement projects. Diversified capital enhancement strategies were also implemented on properties owned by Yuexiu REIT. While formulating and implementing various asset reconstruction plans, the rental level and value of properties were continually enhanced by adopting strategies such as optimizing the tenant mix constantly, maintaining good customer relationship and increasing merchant solicitation.

## Prospects

Looking forward to the second half of 2013, as the economic recovery in the United States is gaining momentum, the world economy is expected to achieve a better growth.

Despite the PRC economy is facing certain uncertainties, its growth rate remains at a higher level. In view of the gradual stabilization of domestic macro-economic conditions, the office leasing market of Guangzhou becomes more active than the first half of the year. In respect of the hotel and apartment market, it is expected that high-end luxury hotels and high-end serviced apartments will benefit from its traditional peak season in the second half of the year, and the occupancy rate and overall performance will improve gradually.

However, we are cautiously optimistic in our belief that we are benefiting from the sustained growth of the PRC economy, on the basis of our remarkable portfolio of properties together with the professional management team of Yuexiu REIT, we will actively grasp potential investment opportunities through implementing proactive and progressive leasing strategies, which are complemented with effective property appreciation measures, aiming at continuously generating stable returns for the Unitholders.

## Appreciation

I would like to take this opportunity to express my sincere gratitude to the Board of Directors, senior management and the entire staff for their hard work, and our heartfelt thanks to the Unitholders, tenants and business partners for their strong support to Yuexiu REIT.

**Liu Yongjie**

*Chief Executive Officer*

Hong Kong, 13 August 2013

## Yuexiu REIT Profile

### 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 (“Trust Deed”) between HSBC Institutional Trust Services (Asia) Limited as the trustee (“Trustee”) and Yuexiu REIT Asset Management Limited as the manager of Yuexiu REIT (“Manager”) as modified by a First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third Supplemental Trust Deed dated 25 July 2012 and made between the same parties. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 21 December 2005 (“Listing Date”).

Yuexiu REIT’s property portfolio (“Properties”) consists of six commercial properties located in Guangzhou and Yuexiu REIT is the first listed real estate investment trust in the world which invests in real property in mainland of the People’s Republic of China (“PRC”).

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. According to the offering circular (“OC”) issued to Unitholders dated 30 June 2012, the Manager has intended that Yuexiu REIT will distribute to the Unitholders an amount equal to 100% of Yuexiu REIT’s Total Distributable Income and Additional Item for the financial year ended from 31 December 2012 to 31 December 2016.

The Manager has resolved to declare an interim distribution to Unitholders for the 2013 Interim Period of approximately RMB0.1012 which is equivalent to HK\$0.1272 (June 2012: approximately RMB0.1114 which is equivalent to HK\$0.1367) per unit (December 2012: RMB0.1037 which is equivalent to HK\$0.1282). Such interim distribution per Unit, however, is subject to adjustment upon the issuance of new units between 1 July 2013 and the record date. Further announcement will be made to inform Unitholders of the interim Distribution per Unit for the six months ended 30 June 2013.

The 2013 interim distribution amounting to approximately RMB278,547,000 which is equivalent to HK\$350,145,000 (2012: approximately RMB118,775,000 which is equivalent to HK\$145,718,000).

The Manager confirms that the distribution amount is composed of profit/loss after tax before transactions with the Unitholders and additional items. The additional items of RMB394,048,000 includes certain profit elements in the capital nature of Yuexiu REIT. The amount of capital nature items is RMB148,889,000.

The Manager has calculated the Total Distributable Income based on Yuexiu REIT’s consolidated profit after tax before transactions with the Unitholders adjusted to eliminate the effects of certain non-cash items which have been recorded in the consolidated statement of comprehensive income for the relevant year or period. At the same time, the additional distribution is adjusted which is suggested in the distribution policy of offering circular dated 30 June 2012.

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the Manager is the average closing exchange rate, as announced by the People’s Bank of China, for the five business days preceding the date of declaration of distribution.

### Distribution Per Unit

Distribution to Unitholders for the 2013 Interim Period is HK\$0.1272 (2012: HK\$0.1367) per unit, represents a yield of approximately 3.01% (2012: 3.67%) per unit based on the closing price of HK\$4.23 per unit as at 30 June 2013 (2012: HK\$3.72). This represents an annualized distribution yield of 6.02%.

### Closure Of Register Of Unitholders

The record date for the interim distribution will be 25 September 2013. The register of Unitholders will be closed from 26 September 2013 to 27 September 2013, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT’s unit registrar, Tricor Investor Services Limited, on 26/F Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 25 September 2013. The 2013 interim distribution will be paid on 24 October 2013, to the Unitholders whose names appear on the register of Unitholders on 25 September 2013.

# Management Discussion and Analysis

## Business Review

### Stable growth in operating results

In the first half of 2013, the macro-economy of China underwent a slow growth. Yuexiu REIT continued to implement active leasing and asset management strategies, favourable results were achieved by all of its properties consistently. In particular, despite an increase in the supply of offices at Zhujiang New Town and a temporary rise in the vacancy rate, the occupancy rate of offices in the GZIFC still continued to rise and fulfilled expectations. Under the impact of the concentrated efforts in controlling on “three categories of official spending” and the emergence of new competitors, there was a slight slow-down in the growth of the performance results of the Four Seasons Hotel and the Ascott Apartments, but the superb quality image of the Four Seasons Hotel is well received and recognized by the market, while the Ascott Apartments displayed and captured greater market attraction, further enhancing the competitiveness of properties, establishing a solid foundation for future income growth and long-term development of Yuexiu REIT.

### Property Portfolio

As at 30 June 2013, the property portfolio of Yuexiu REIT consisted of six properties, namely, White Horse Building, Fortune Plaza Units, City Development Plaza, Victory Plaza Neo Metropolis Plaza and GZIFC. The aggregate area of ownership was approximately 680,971.1 sq.m., total rentable area was 441,297.9 sq.m. (excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis; 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 other ancillary facilities area of GZIFC, the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

### Property Valuation

According to a revaluation performed by an independent professional valuer, Savills Valuation and Professional Services Limited (“Savills”) on the portfolio of properties of Yuexiu REIT, the revalued market valuation as at 30 June 2013 was approximately RMB22,534 million, representing an increase of RMB208 million or 0.9% over the valuation as at 31 December 2012. The net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit was RMB4.55, representing a decrease of 0.4% over the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2012.

## Management Discussion and Analysis

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The following table summarizes the valuation of each of the properties as at 30 June 2013 and 31 December 2012:

Name of property	Valuation as at 30 June 2013 RMB million	Valuation as at 31 December 2012 RMB million	Increase percentage
White Horse Building	3,915.0	3,855.0	1.6%
Fortune Plaza	792.0	780.0	1.5%
City Development Plaza	660.0	648.0	1.9%
Victory Plaza	794.0	782.0	1.5%
Neo Metropolis	761.0	749.0	1.6%
GZIFC	15,612.0	15,512.0	0.6%
<b>Total</b>	<b>22,534.0</b>	<b>22,326.0</b>	<b>0.9%</b>

Particulars of each of the properties are set out in the table below:

Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/sq.m./ month)
White Horse Building	Wholesale shopping mall	Yuexiu District	1990	50,199.3	50,128.9	100.00%	553
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.64%	134
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	97.39%	118
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	95.87%	191
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 <sup>(2)</sup>	98.31% <sup>(2)</sup>	97
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.8	78.78%	197
including:	Grade A office			267,804.4	183,539.5 <sup>(3)</sup>	74.13% <sup>(3)</sup>	217
	Retail shopping mall			46,989.2	46,727.3	97.03%	137
	Hotel			91,460.9	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A
<b>Total</b>				<b>680,971.1</b>	<b>441,297.9</b>	<b>88.20%</b>	<b>215</b>

Note:

<sup>(1)</sup> As at 30 June 2013;

<sup>(2)</sup> Excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area;

<sup>(3)</sup> Excluding 76,512.3 sq.m. of parking space area.

## Management Discussion and Analysis

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of Units (units)	Average Occupancy Rent <sup>(1)</sup>	Average Rent <sup>(1)</sup> (RMB/room/night)
Four Seasons Hotel Guangzhou <sup>(2)</sup>	Five-star hotel	August 2012	91,460.9	344	42.7%	1,948

Note:

<sup>(1)</sup> From 1 January 2013 to 30 June 2013.

<sup>(2)</sup> The hotel is an entrusted operation.

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of units (units)	Occupancy rate <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/sq.m.)
Ascott Serviced Apartments <sup>(2)</sup>	High-end serviced apartments	September 2012	51,102.3	314	38.5%	195

Note:

<sup>(1)</sup> As at 30 June 2013.

<sup>(2)</sup> The service apartments are entrusted operations.

### Occupancy rate stayed at high level

As at 30 June 2013, the overall occupancy rate of properties was approximately 88.20%. The occupancy rate of the original five properties was 98.47%, representing a slight increase of 0.13 percentage point as compared to 98.34% recorded in the corresponding period of the previous year, and continued to operate at a high level. Consolidated occupancy rate of GZIFC, which was acquired last year, was 78.78%, of which occupancy rate of offices was 74.13% and occupancy rate of retail shopping mall was 97.03%.

## Management Discussion and Analysis

The following table sets out a comparison of occupancy rates in respect of all the properties between this Reporting Period and the corresponding period of the previous year:

Name of property	Occupancy rate as at 30 June 2013	Occupancy rate as at 30 June 2012	Percentage increase/ (decrease) as compared to 30 June 2012
White Horse Building	100.00%	100.00%	0.00%
Fortune Plaza	99.64%	97.73%	1.91%
City Development Plaza	97.39%	97.69%	(0.30)%
Victory Plaza	95.87%	95.94%	(0.07)%
Neo Metropolis	98.31%	99.05%	(0.74)%
Sub-total of original projects	98.47%	98.34%	0.13%
GZIFC offices	74.13%	N/A	N/A
GZIFC shopping mall	97.03%	N/A	N/A
Total	88.20%	N/A	N/A

### Revenue continued to increase

During the interim period of 2013, the properties of Yuexiu REIT realized total revenue of approximately RMB638.9 million, representing a 135.3% increase as compared to the corresponding period year-on-year. Of which, the percentage of total revenue contributed by White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC was approximately 26.2%, 5.3%, 4.3%, 2.5%, 4.6% and 57.1% respectively.

No bad debt was recorded during the Reporting Period.

## Management Discussion and Analysis

The following table sets out a comparison of revenue in respect of all the properties between the Reporting Period and the corresponding period of the previous year:

Name of property	Revenue for 2013 Interim Period RMB million	Revenue for 2012 Interim Period RMB million	Increase/ (Decrease) as compared to 2012 Interim Period RMB million	Increase/ (Decrease) in revenue from properties Percentage
White Horse Building	167.5	158.9	8.6	5.4%
Fortune Plaza	34.0	31.7	2.3	7.3%
City Development Plaza	27.6	25.8	1.8	7.0%
Victory Plaza	16.2	27.9	(11.7)	(41.9)%
Neo Metropolis	29.6	27.2	2.4	8.8%
Sub-total of original projects	274.9	271.5	3.4	1.3%
GZIFC	364.0	—	364.0	N/A
Total	638.9	271.5	367.4	135.3%

### White Horse Building — optimize customer mix, manifest the distinguished features of operation

The Manager fully leveraged on the opportunity of lease expiry of the 8th floor at White Horse Building to reformulate the positioning of floor operation and successfully introduced a number of quality ladies fashion brands with strong branding awareness, comprehensive marketing channels and well-established stable customer sources, further enhancing the feature of operation of the White Horse market with dominance in ladies fashion, and in turn strengthened the overall competitiveness of White Horse Building. Meanwhile, the image enhancement project for the 2nd floor made active progress, major mechanical and electrical equipment had been replaced and the common areas were renovated to bring a vogue for brand new trendy experience to all the merchants and merchandisers from various regions of China. Furthermore, on the 20th anniversary of business operation of the White Horse market, the nationwide roadshow activities of White Horse brands entered Western China, creating a whirlwind of vogue for fashion in Chengdu, deepening interaction among industry participants and creating new cooperation opportunities.

## Fortune Plaza — enhance quality of customer service, improve overall image of properties

During the first half of the year, Fortune Plaza focused on the persistent improvement in the quality of customer service by using the premium property itself as the benchmark. Through adopting a number of all-round measures to enhance the lobby environment, lighting and improvement in air quality, and implemented caring and supportive customer services, the environmental image of the lobby of Fortune Plaza was enhanced in all aspects from the visual, aromatic and audio perspectives.

## City Development Plaza — actively attract targeted customers, enhance the overall rentals of properties

The Manager is striving to attract and develop a major tenant base for the property. Adjustments were made during the first half of the year to a number of focused low-rental tenants. The mix of tenants was optimized and refurbishment was carried out in the public area of certain floors, the operating environment of the plaza was improved. The average rental level of leases with new tenants recorded satisfactory increments, ensuring a comprehensive and stable growth in asset value.

## Neo Metropolis — strengthen management on lease renewal, stabilize quality customers

Neo Metropolis targeted at the characteristic of expiring leases occupying a large amount of area and high proportion of key tenants, advance planning for reasonable arrangements was made and commenced negotiations for lease renewals half a year earlier. The Manager had already completed the lease renewals of approximately 70% of the key tenants for the whole year, more satisfactory rental growth was recorded in renewed leases. The asset value captured a sustained increase.

## Victory Plaza — full implementation of operational adjustment to facilitate project optimisation and upgrade

The Manager continued its project operational adjustments commenced last year, and secured the positioning of “Fast Fashion” for Victory Plaza. UNIQLO, an international fast fashion brand, was successfully brought in as a tenant. UNIQLO Victory Plaza Shop would be its first “global flagship shop” in South China as well as an anchor tenant of Victory Plaza. The adjustment had caused the early termination of two tenancy agreements and incurred one-off loss of rentals, however the Manager was of the view that tenancy mix would be significantly improved as a result of the introduction of UNIQLO, it should bring satisfactory return to the project in the medium to long term. Following the successful acquiring of an anchor tenant, the Manager will continue to strive to implement its brand adjustment plan by further improving its asset quality to enhance the competitiveness and long-term asset appreciation ability of the project.

## Management Discussion and Analysis

### GZIFC — strengthening merchant solicitation and marketing efforts, showing gradually the comprehensive competitive edge of the project

In the first half of the year, the occupancy rate of GZIFC recorded a steady growth with an average rental income higher than that of its surrounding area in overall. In light of the tenancy mix and the floor profile with vacant units in the office building, the Manager adopted a flexible, differentiated tenancy strategy to actively introduce influential and renowned customers. Through effective integration of its favorable resources including Four Seasons Hotel and services apartments, as well as continuous improvement in service quality, its customers' appreciation and satisfaction with the project have been improved. By actively expanding its customer base through different channels, it had successfully held the GZIFC customer gathering and the business promotion meetings in Beijing and Shanghai to realize cross-region tenancy cooperation. Meanwhile, it enhanced its communication and collaboration with a number of national and regional chambers of commerce and major professional agencies to explore effective resources for business solicitation.

Under the impact of intensified Euro debt crisis, the territorial-political factors and the increase in market supply, competitive pressure in the high-end hotel market increased. However, Guangzhou Four Seasons Hotel recorded overall performance better than its competitors in the luxury hotels sector and achieved a reasonable growth in operational results as expected. Through continuous accumulation of customer base, the room revenue as a percentage of the operating income increased gradually and the revenue structure became more reasonable.

In the first half of the year, although the market supply of high-end serviced apartments increased and competition became more intense, Ascott Apartments recorded reasonable increase both in operating income and occupancy rate. Through multi-channel business solicitation and promotion, the number of core tenants of Ascott Apartments continued to increase, an occupancy rate of 38.5% was reached as at 30 June 2013.

The Manager believes that, as the overall operation of GZIFC matures, the comprehensive competitive edge of the project will gradually become apparent. With the effort of our professional operation team, the occupancy rates and overall performance of the office, hotel and serviced apartments will continue to elevate.

## Pursuing active progress in asset enhancement projects, maintaining and enhancing property values

In the first half of the year, various asset enhancement works have been completed by the Manager, including the renovation work of the whole level 2 and the upgrading of several passenger elevators and escalators at White Horse Building; the decoration work at the common area of three floors each of City Development Plaza and Fortune Plaza, which have effectively improved the business environment of the properties.

In the second half of the year, the Manager will focus on implementing the renovation and upgrade of certain facilities and equipments at White Horse Building, City Development Plaza, Fortune Plaza and GZIFC as well as continuing the decoration works at the common area of several levels at City Development Plaza, so as to further enhance the operation efficiency and business environment of the properties.

## Widen financing channels, optimize the debt structure

After the successful injection of GZIFC into Yuexiu REIT, the Manager strengthened studies on the indebtedness of Yuexiu REIT and strived to optimize the financing structure. The Manager commenced the work on credit rating in the first half of 2013, and the Yuexiu REIT was granted credit ratings above the investment ratings of Baa2 and BBB by the international rating agencies of Moody's and Standard and Poor's respectively. On this basis, the Yuexiu REIT established a US\$1 billion medium-term notes programme and successfully issued US\$350 million 5-year bonds at 3.1% coupon rate during the first half of the year. The net proceeds from the bond issuance was used to repay a bank loan in the principal amount of HK\$2,502 million by the REIT.

The bond issuance was the first of its kind for Yuexiu REIT to issue corporate bonds in Hong Kong, and realized the goals of expanding the diversified financing channels of bank loans and bonds by Yuexiu REIT, extending the maturity dates of debts and achieved the financing target via setting fixed interest rate for part of the debts to optimize the debt structure of the REIT.

# Management Discussion and Analysis

## Financial Review

### Financial Results

Both rental income and net property income were higher than the interim period of 2012. The following is a summary of Yuxiu REIT's financial results during the 2013 Interim Period:

	Six months ended 30 June		Increase/(decrease) %
	2013 Unaudited RMB'000	2012 Unaudited RMB'000	
<b>Gross income</b>	<b>638,934</b>	271,489	135.3%
Hotel and serviced apartments direct expenses	<b>(116,859)</b>	—	N/A
Leasing agents' fee	<b>(14,271)</b>	(9,271)	53.9%
Property related taxes (Note 1)	<b>(105,258)</b>	(48,047)	119.1%
Other property expenses (Note 2)	<b>(3,476)</b>	(1,842)	88.7%
<b>Total property operating expenses</b>	<b>(239,864)</b>	(59,160)	305.4%
<b>Net property income</b>	<b>399,070</b>	212,329	87.9%
Withholding tax	<b>(24,719)</b>	(24,527)	0.8%
Depreciation and amortization	<b>(71,359)</b>	(10)	713,490.0%
Manager's fees	<b>(44,921)</b>	(17,720)	153.5%
Trustee's fees	<b>(3,731)</b>	(1,135)	228.7%
Other trust expenses (Note 3)	<b>(9,075)</b>	(5,555)	63.4%
Total non-property expenses	<b>(153,805)</b>	(48,947)	214.2%
<b>Profit before finance costs, finance income and tax</b>	<b>245,265</b>	163,382	50.1%
Finance income	<b>138,937</b>	81	171,427.2%
Finance cost	<b>(237,902)</b>	(32,350)	635.4%
<b>Profit before tax</b>	<b>146,300</b>	131,113	11.6%
Income tax expenses	<b>(82,745)</b>	(13,817)	498.9%
<b>Net profit after tax before fair value gain on investment properties</b>	<b>63,555</b>	117,296	(45.8)%
Fair value gain on investment properties	<b>166,698</b>	165,207	0.9%
Expenses incurred in connection with any transaction in which a transfer of ownership, asset or business	—	(29,511)	N/A
<b>Net profit after tax before transactions with Unitholders</b>	<b>230,253</b>	252,992	(9.0)%

Note:

- (1) Property related tax includes urban real estate tax, land use right tax, business tax, flood prevention, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties.
- (2) Other property expenses include valuation fee, insurance premium and other expenses incurred at the level of the properties.
- (3) Other trust expenses include audit fees, printing charges, unit registrar 's fees, listing fees, legal advisory fee, exchange difference and miscellaneous expenses.

Gross income comes from office, wholesales and retails and hotel and serviced apartments. Gross income is analyzed from the following table.

<i>(RMB'000)</i>	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
Office	<b>273,789</b>	84,701
Wholesales	<b>167,551</b>	158,851
Retails	<b>58,472</b>	27,937
Hotel and serviced apartments	<b>139,122</b>	—
<b>Total</b>	<b>638,934</b>	271,489

Net property income amounted to approximately RMB399.070 million (2012: RMB212.329 million), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses, represented approximately 62.5% of total gross income. Net property income is analyzed from the following table.

<i>(RMB'000)</i>	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
Office	<b>212,119</b>	65,155
Wholesales	<b>132,416</b>	125,373
Retails	<b>47,193</b>	21,801
Hotel and serviced apartments	<b>7,342</b>	—
<b>Total</b>	<b>399,070</b>	212,329

Hotel and serviced apartments direct expenses were approximately RMB116,859,000. It was mainly the operation cost incurred by hotel and serviced apartments after acquiring GZIFC.

Leasing agent fee increased by approximately 53.9% as compared with 2012. It was mainly because of a leasing agents' fee of 3% of the gross annual rental for the office portion of GZIFC was charged due to tenancy services to the tenants of office portion was provided.

## Management Discussion and Analysis

Property related tax increased by approximately 119.1% as compared with 2012 Interim Period. It was mainly because of an increase of tax resulting from an increase of rental income.

An increase of depreciation and amortization charge was mainly due to hotel and serviced apartment was booked as fixed assets incurring the depreciation and amortization charge.

A net exchange gain of approximately RMB63,572,000 arising from bank borrowings denominated in Hong Kong dollar and US dollar guaranteed medium-term note is mainly due to the depreciation of Hong Kong dollar against RMB as at 30 June 2013.

The financial cost was approximately RMB237,902,000 (2012: RMB32,350,000), which represent an approximately 635.4% increase. It is mainly due to an increase of loan amount from RMB1,990,459,000 to RMB8,273,529,000 and increase of the annual bank borrowing rate.

Profit after tax before transactions with Unitholders amounted to approximately RMB230,253,000 (2012: RMB252,992,000), which represented 9.0% decrease, mainly due to the income tax expenses for the mid-2013 being approximately RMB82,745,000, which was far higher than the amount of approximately RMB13,817,000 recorded for the same period of last year.

### Top-up Payment

Top-up Payment for 2013 Interim Period is approximately RMB103,968,000. Yuexiu Property shall pay the said amount within 7 Business Days after the announcement of the Yuexiu REIT's interim results for 2013 Interim Period. Refer to the Circular dated 30 June 2012 for details.

### New Units Issued and Unit Activity

In respect of the full settlement of Manager fee during the relevant period, Yuexiu REIT newly issued 9,176,630 units at HK\$4.39 on 28 March 2013. As at 30 June 2013, a total of 2,752,386,371 units were issued by Yuexiu REIT.

The Unit price the Yuexiu REIT reached a high of HK\$4.91 and a low of HK\$3.68 during the 2013 Interim Period. The average trading volume amounted to approximately 7,830,285 Units per day during the 2013 Interim Period (2012: 1,861,000 Units).

### Net Asset Value

The net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per unit as at 30 June 2013 was approximately RMB4.55 (31 December 2012: RMB4.57).

## Capital Structure

On 26 September 2011, Yuexiu REIT, through its SPVs, had entered into a facility agreement with certain lending banks in connection with a three-year floating rate secured term loan facility of HK\$2,502,000,000. The loan was fully drawn down on 17 October 2011. On 16 May 2013, Yuexiu REIT repaid the abovesaid loan.

On 8 October 2012, Yuexiu REIT entered into a loan agreement with certain borrowing banks through its special purpose company for a three-year floating rate term loan in the amount of HK\$2,980,000,000 to pay part of the acquisition cost for GZIFC and part of the bank loan, amounting to HK\$380,000,000, had already been repaid on 10 December 2012.

Due to the acquisition of GZIFC, the secured loan of approximately RMB4,500,000,000 was transferred under the name of Yuexiu REIT and part of the bank loan, amounting to RMB446,000,000, had already been repaid as of 30 June 2013.

Referring to the US\$1,000,000,000 guaranteed medium-term note plan, on 14 May 2013, Yuexiu REIT issued a total principal of US\$350,000,000 guaranteed medium-term note at 3.1% which would mature in 2018. The fund was used for repayment of the bank loan of HK\$2,502,000,000 and for the general working capital requirement.

As at 30 June 2013, total borrowings of Yuexiu REIT amounted to approximately RMB8,273,529,000 which represents approximately 33.4% of total assets of Yuexiu REIT.

The abovesaid gearing ratios were below the maximum borrowing limit of 45% as stipulated in the REIT Code.

As at 30 June 2013, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB12,189,496,000, representing approximately 49.2% of total assets of Yuexiu REIT.

## Cash Position

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2013 amounted to approximately RMB890,144,000. 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.

## Management Discussion and Analysis

### Review Of Financial Results

The results of Yuexiu REIT for the 2013 Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### Issuance of 2013 Interim Report

The interim report of Yuexiu REIT for the six months ended 30 June 2013 will be published on the websites of the Stock Exchange and Yuexiu REIT and will be sent to Unitholders on or before 31 August 2013.

### 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 2013 Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.

### Summary of all Real Estate Sales and Purchases

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the 2013 Interim Period.

### Employees

As at 30 June 2013, Yuexiu REIT employed 658 and 111 employees in China for hotel operation and for serviced apartment operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service of hotel and serviced apartments.

Except the abovementioned, Yuexiu REIT is managed by the Manager. Yuexiu REIT does not employ any staff directly.

The Manager has adopted an overall corporate governance framework of the Code of Best Practice that is designed to promote the operation of Yuexiu REIT in a transparent manner with built-in checks and balances which are critical to the performance of the Manager and consequently, the success of Yuexiu REIT which it manages.

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

During the 2013 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of 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. The Manager has 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, and Mr. Liang Ningguang and Mr. Liu Yongjie, the executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Lin Deliang is also a 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, amongst 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

The board of Directors of the Manager (“Board”) currently comprises six members, three 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.

## Corporate Governance

### 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. 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.

#### Finance And Investment Committee

The Finance and Investment Committee comprises four Directors, including the Chairman, the Chief Executive Officer and at least one INED. 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.

#### Disclosure Committee

The Disclosure 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 Disclosure 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.

### Remuneration And Nomination Committee

The Remuneration and Nomination Committee comprises the Chief Executive Officer and at least three other Directors, one of whom must be an INED. 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.

### Conflict Of Interest

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

- 1) The REIT 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 one-third of the Board comprise INEDs.

### 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.

## 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 will constitute connected party transactions for the purposes of the REIT Code.

### The Manager And Significant Holder Group

Set out below is the information in respect of the connected party transactions involving Yuexiu REIT and its connected persons:

### Leasing Transactions

Certain portions of City Development Plaza, Neo Metropolis, Fortune Plaza and GZIFC have been leased to connected parties (as defined in the REIT Code) of Yuexiu REIT in relation to the Manager ("Manager Group"). Details are as follows:

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2013 Interim Period (RMB)
<b>City Development Plaza</b>									
Guangzhou Yicheng Property Management Limited ("Yicheng")	1/F <sup>(1)</sup>	an associate of the Manager	97.00	1 May 2010	485	5	0	3	2,910
Yicheng	19/F	an associate of the Manager	1,844.34	30 Jan 2013	217,632	118	122	5.33	1,060,168
Guangzhou City Construction & Development Xingye Property Agent Ltd ("Xingye")	27,28/F	an associate of the Manager	3,688.68	16 Dec 2012	461,085	125	121	5.04	2,692,534
Golden Eagle Asset Management Co., Ltd (金鷹基金管理有限公司)	22,23/F	an associate of the Manager	3,688.68	16 Jan 2011	387,311	105	75	5	2,256,227
<b>Sub-total:</b>									<b>6,011,839</b>

<sup>(1)</sup> On 1 May 2013, Yicheng entered into a new lease with Full Estates in respect of the 1/F of City Development Plaza, renewing the existing term for 3 years, commencing 1 May 2013. The rent per sq. meter remained unchanged.

## Connected Party Transactions

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Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2013 Interim Period (RMB)
<b>Neo Metropolis</b>									
Guangzhou White Horse Clothings Market Ltd	Basement 2, 3/F	an associate of the Manager	7,621.03	1 Jan 2013	100,000	13	0	3	600,000
<b>Sub-total:</b>									<b>600,000</b>

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2013 Reporting Year (RMB)
<b>Fortune Plaza</b>									
廣州越秀小額貸款有限公司	Podium 303	an associate of the Manager	501.05	1 April 2013	55,116	110	61	4	165,480
Xingye <sup>(1)</sup>	East Tower 808	an associate of the Manager	188.80	1 Apr 2011	25,488	135	0	2	155,760
<b>Sub-total:</b>									<b>321,240</b>

<sup>(1)</sup> On 1 April 2013, Xingye entered into a new lease with Moon King in respect of the East Tower 808 of Fortune Palza, renewing the existing term for 2 years commencing 1 April 2013, at an adjusted rent of RMB140/sq. meter/ month.

## Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Rental income during 2013	
								Term (years)	Interim Period (RMB)
<b>GZIFC</b>									
Guangzhou Yuexiu Holdings Limited	0601-A	an associate of the Manager	489.11	1 Jan 2013	97,334	199	0	3	604,062
Guangzhou Grandcity Development Ltd.	0601-G,H	an associate of the Manager	1,612.66	1 Jan 2013	320,918	199	0	3	1,991,635
GCCD	1501,1601	an associate of the Manager	6,297.82	1 Jan 2013	1,391,818	221	0	3	8,732,969
GCCD	3201-3212	an associate of the Manager	3,292.17	1 Jun 2012	698,499	212	0	1	3,467,618
GCCD	5801-A,04,05,06,07 <sup>(1)</sup>	an associate of the Manager	2,076.80	1 Jun 2012	476,507	229	0	1	3,186,998
GCCD	5801-B,02,03	an associate of the Manager	1,384.53	1 Jun 2012	317,671	229	0	1	1,756,967
Guangzhou Yuexiu Holdings Limited	5801-B,02,03	an associate of the Manager	1,384.53	1 Jun 2013	357,209	258	0	3	369,887
Guangzhou Yuexiu Holdings Limited	6401,6501	an associate of the Manager	6,509.02	1 Jan 2013	2,089,396	321	0	3	13,122,138
GCCD	0440-E,F	an associate of the Manager	1,211.98	1 Jan 2013	208,959	171	0	1	1,243,449
Guangzhou Yuexiu Holdings Limited	0440-H	an associate of the Manager	472.62	1 Jan 2013	80,818	171	0	1	480,922
Guangzhou GuangZheng Hang Seng Securities Investment Advisory Co., Ltd. (廣州廣證恒生證券投資諮詢有限公司)	6301-C	an associate of the Manager	724.35	1 Jun 2012	231,792	320	0	3	1,397,371
Guangzhou Grandcity Development Ltd.	1101,1401	an associate of the Manager	6,062.80	1 Jan 2013	1,339,878	221	0	3	8,407,066
Guangzhou Suiqiao Development Co. Ltd. (廣州穗橋發展有限公司)	1701-D	an associate of the Manager	201.17	1 Jan 2012	46,470	231	0	3	280,145
Yicheng	0601-E	an associate of the Manager	46.25	1 Jan 2012	9,204	199	0	3	55,489
Yicheng	1701-E <sup>(2)</sup>	an associate of the Manager	856.70	1 Oct 2011	196,184	229	0	3	588,149
Yicheng	0440-D <sup>(3)</sup>	an associate of the Manager	127.48	1 Jan 2013	21,799	171	0	1	64,501
Guangzhou Yuexiu Asset Management Company Limited ("GZAM")	1701-E <sup>(2)</sup>	an associate of the Manager	856.70	1 April 2013	196,184	229	0	1.5	594,684
GZAM	0440-D <sup>(3)</sup>	an associate of the Manager	127.48	1 April 2013	21,799	171	0	0.75	65,218
Guangzhou Yue Peng Information Ltd. (廣州越騰信息有限公司)	1701-C	an associate of the Manager	267.09	1 Jan 2012	61,698	231	0	3	371,946
Guangzhou Yue Tong Expressway Operations and Management Company Limited (廣州越通公路運營管理有限公司)	1701-B	an associate of the Manager	261.52	1 Jan 2012	60,411	231	0	3	364,186
Guangzhou Yue Tong Expressway Operations and Management Company Limited (廣州越通公路運營管理有限公司)	0440-A	an associate of the Manager	192.78	1 Jan 2013	32,965	171	0	1	196,164
Guangzhou Yuexiu Industry Investment Management Co., Ltd. (廣州越秀產業投資管理有限公司)	6301-A,E	an associate of the Manager	695.58	1 Jan 2012	222,907	320	0	3	1,320,051
Guangzhou Yuexiu Industry Investment Management Co., Ltd. (廣州越秀產業投資管理有限公司)	0440-C	an associate of the Manager	68.41	1 Jan 2013	11,698	171	0	1	69,611
廣州越秀金融家俱樂部有限公司	the 27th and 28th floors, North Tower of the annex building	an associate of the Manager	1,865.17	25 Feb 2012	466,293	250	0	3	2,794,409
Guangzhou Yuexiu Finance Holdings Limited (廣州越秀金融投資集團有限公司)	0601-B	an associate of the Manager	225.09	1 Jan 2012	44,793	199	0	3	270,054

## Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/	Monthly rent (RMB)	Monthly rent per	Rent free period (days)	Term (years)	Rental income during 2013
				renewal date		sq.m. (RMB)			Reporting Year (RMB)
Guangzhou Yuexiu Finance Holdings Co., Ltd. (廣州越秀金融投資集團有限公司)	6301-B	an associate of the Manager	930.54	1 Jan 2012	297,771	320	0	3	1,763,400
Guangzhou Yuexiu Finance Holdings Co., Ltd. (廣州越秀金融投資集團有限公司)	0440-B	an associate of the Manager	71.52	1 Jan 2013	12,230	171	0	1	72,777
Guangzhou Yuexiu Financial Leasing Co., Ltd. (廣州越秀融資租賃有限公司)	6301-D,F <sup>(4)</sup>	an associate of the Manager	860.73	1 Jun 2012	272,966	317	0	1	1,638,118
GZAM 廣州證券有限責任公司	3801-3803	an associate of the Manager	842.52	1 Oct 2012	197,992	235	0	2	1,178,188
廣州證券有限責任公司	0601-C	an associate of the Manager	245.03	1 Jan 2012	48,761	199	0	3	293,975
廣州證券有限責任公司	1901,2001	an associate of the Manager	6,406.78	1 Jan 2012	1,512,000	236	0	3	9,184,145
廣州證券有限責任公司	0440-G	an associate of the Manager	394.89	1 Jan 2013	67,526	171	0	1	401,826
Yuexiu (China) Transport Infrastructure Investment Company Limited	0601-F	an associate of the Manager	125.44	1 Jan 2012	24,963	199	0	3	150,498
Yuexiu (China) Transport Infrastructure Investment Company Limited	1701-A	an associate of the Manager	1,586.47	1 Jan 2012	366,475	231	0	3	2,209,282
GCCD 北京仲量聯行物業管理服務有限公司 (Guangzhou Branch)	1001-1012	an associate of the Manager	2,972.84	1 Jun 2013	594,572	200	0	3	595,657
Guangzhou Yuexiu Financial Leasing Co., Ltd. (廣州越秀融資租賃有限公司)	2403	an associate of the Manager	534.80	16 Jan 2013	112,308	210	0	3	567,735
Guangzhou Yuexiu Financial Leasing Co., Ltd. (廣州越秀融資租賃有限公司)	0440-I	an associate of the Manager	55.97	1 Jan 2013	9,571	171	0	1	56,954
Guangzhou GuangZheng Hang Seng Securities Investment Advisory Co., Ltd. (廣州廣證恒生證券投資諮詢有限公司)	0440-J	an associate of the Manager	93.28	1 Jan 2013	15,951	171	0	1	94,919
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZYXILL")	Carpark	an associate of the Manager	71,082.79	1 Jul 2012	1,083,337	15	0	1	6,500,002
<b>Sub-total:</b>									<b>76,503,165</b>
<b>Total:</b>									<b>83,436,244</b>

- (1) On 1 June 2013, GCCD entered into a lease with Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. ("IFC Company") in respect of units 5801-A, 04, 05, 06, 07 of GZIFC, renewing the existing term for 3 years commencing 1 June 2013, at an adjusted rent of RMB258/sq. meter/month.
- (2) The tenant of unit 1701E has been changed from Yicheng to GZAM on 1 April 2013, as negotiated, with all terms of the tenancy remain unchanged.
- (3) The tenant of unit 0440-D has been changed from Yicheng to GZAM on 1 April 2013, as negotiated, with all terms of the tenancy remain unchanged.
- (4) On 1 June 2013, Guangzhou Yuexiu Financial Leasing Co., Ltd entered into a lease with IFC Company in respect of units 6301-D, F of GZIFC, renewing the existing term for 3 years commencing 1 June 2013, at an adjusted rent of RMB320/sq. meter/month.

## Connected Party Transactions

### Property Management Agreements

The following table sets forth information for the year in relation to the property management services provided by the connected parties to the properties of Yuexiu REIT:

Property Manager	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2013 Interim Period (RMB)
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM")	an associate of the Manager	White Horse Building	1 Jan 2011	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2011	Property Management Agreement	N/A
Yicheng	an associate of the Manager	City Development Plaza	19 July 2010	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Neo Metropolis	1 May 2011	Property Management Agreement	N/A
GZYXJLL	an associate of the Manager	GZIFC	1 Sep 2009	Property Management Agreement	N/A

### Tenancy Services Agreements

The following table sets forth information for the year in relation to the tenancy services provided by the connected parties to the properties of Yuexiu REIT:

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2013 Interim Period (RMB)
White Horse PM	an associate of the Manager	White Horse Building	1 Jan 2011	Tenancy Services Agreement	5,026,528
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2011	Tenancy Services Agreement	1,332,242
Yicheng	an associate of the Manager	City Development Plaza	1 Jan 2011	Tenancy Services Agreement	1,105,442
Yicheng	an associate of the Manager	Victory Plaza	1 Jan 2011	Tenancy Services Agreement	647,896
Yicheng	an associate of the Manager	Neo Metropolis and Fortune Plaza 1701	1 Jan 2011	Tenancy Services Agreement	1,210,875
GZAM	an associate of the Manager	GZIFC	8 Oct 2012	Tenancy Services Agreement	4,947,909

## Trade Mark Licence Agreements

The following table sets forth information for the period in relation to the trade mark licences granted by the connected parties to Yuexiu REIT:

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2013 Reporting Year	Licence Period
White Horse PM	an associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	1 January 2007 to 27 November 2016 and 30 January 2017
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	an associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

## Naming Rights Agreement

The following table sets forth information for the period in relation to the naming rights granted by Yuexiu REIT to the connected parties:

Naming Party	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2013 Interim Period (RMB)	Naming Rights Period
YXP	Major Unitholder	GZIFC	Naming Rights	10,000,000	1 July 2012 to 31 December 2014

## Construction Settlement Agency Agreement

The following table sets forth information for the period in relation to the prepaid construction payable by Yuexiu REIT to the connected parties and the interest charged on the balance of construction payable:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Construction Payable as at 30 June 2013 (RMB)	Nature of Transaction	Amount received/ receivable for 2013 Interim Period (RMB)
GCCD	an associate of the Manager	4 May 2012	867,260,000	Interest on the balance of construction payable	38,466,903

## Connected Party Transactions

### Guarantee from Founding Shareholders

Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. has an existing syndicated development loan of RMB4.5 billion guaranteed jointly and severally by Guangzhou City Construction and Development Co., Ltd. (廣州市城市建設開發有限公司), Guangzhou Xianggang Property Development Co., Ltd. (廣州市祥港房地產開發有限公司) and Guangzhou City Construction and Development Group Co., Ltd. (廣州市城市建設開發集團有限公司) in the proportion of 75%, 24% and 1% respectively with an effective period expiring on the date two years after full repayment of the existing syndicated development loan.

### Waiver from Strict Compliance

A waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of the existing leasing transactions of Yuexiu REIT, the existing property management arrangement and the tenancy services agreement of the existing properties, together with the new leasing transaction, the new property management arrangement and the new tenancy services agreement, as mentioned above, between the Group and persons which are connected with Yuexiu REIT as a result of their connection with the Manager has been granted by the SFC on 20 July 2012, subject to annual limitation as to the capped value of such transactions, review by the auditors for each relevant financial period, annual review by the Audit Committee and the independent non-executive directors ("INED") and other terms and conditions. For detailed terms and conditions of the waiver, please refer to the circular dispatched to Unitholders on 30 June 2012.

### 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 period:

Nature of transaction	Date of agreement	Principal amount	Amount of fees paid/ payable within the 2013 Interim Report	Amount of interest paid/ payable within the 2013 Interim Report
Loan <sup>(1)</sup>	26 September 2011	HK\$310 million	—	RMB2,064,000
Financial Advisory		N/A (Advise on issuance of medium-term note)	RMB4,342,000	N/A

<sup>(1)</sup> HSBC was one of the lending banks and acted as the agent and security agent for the lending bank. The loan was repaid on 16 May 2013.

REIT Holdco, Partat, Keen Ocean, Full Estates, Moon King, Metrogold Development Ltd ("Metrogold"), 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 2013 Inteim Report.

## 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 by the Audit Committee and the INEDs

The INEDs and the Audit Committee of the Manager confirm that they have reviewed the terms of all relevant connected party transactions including those connected party transactions with the Manager 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 Manager and Trustee on Corporate Finance Transaction with the HSBC Group

Both the Manager and the Trustee have confirmed that there is no corporate finance transaction nor other connected transaction (save for those disclosed above) with the HSBC Group during the 2013 Interim Period.

## Manager's Fees

During the 2013 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB44,921,000, which were settled by the issuance of new Units.

## Trustee's Fees

During the 2013 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB3,731,000.

## Connected Party Transactions

### Principal Valuer's Fees

During the 2013 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Principal Valuer was RMB455,000.

### 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	Nature of Interest	As at 1 January 2013		As at 30 June 2013		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Liang Ningguang <sup>(1)</sup>	—	Nil	—	Nil	—	—
Mr. Liu Yongjie <sup>(2)</sup>	—	Nil	—	Nil	—	—
Mr. Li Feng	—	1,825	0.000067%	1,825	0.000066%	(0.000001%)
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Lee Kwan Hung, Eddie	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—

<sup>(1)</sup> Mr. Liang is also a director of Yue Xiu and therefore Yue Xiu is deemed to be an associate of Mr. Liang under Rule 8.1 of the REIT Code. Accordingly, the holdings of Yue Xiu as disclosed in "Holdings of Significant Holders" are deemed to be the holdings of Mr. Liang.

<sup>(2)</sup> Mr. Liu is also the Chief Executive Officer of the Manager.

## Holdings Of Significant 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 2013		As at 30 June 2013		% Change of interest
		Interest in Units	Approximate % of interest	Interest in Units	Approximate % of interest	
Guangzhou Yuexiu Holdings Limited ("GZYX") <sup>(1)</sup>	Deemed	1,706,387,315 <sup>(3)</sup>	62.20% <sup>(4)</sup>	1,715,563,945 <sup>(3)</sup>	62.33% <sup>(4)</sup>	0.13%
	Total	1,706,387,315 <sup>(3)</sup>	62.20% <sup>(4)</sup>	1,715,563,945 <sup>(3)</sup>	62.33% <sup>(4)</sup>	0.13%
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	—	27,320	—	—
	Deemed	1,706,359,995 <sup>(3)</sup>	62.20% <sup>(4)</sup>	1,715,536,625 <sup>(3)</sup>	62.33% <sup>(4)</sup>	0.13%
	Total	1,706,387,315 <sup>(3)</sup>	62.20% <sup>(4)</sup>	1,715,563,945 <sup>(3)</sup>	62.33% <sup>(4)</sup>	0.13%
YXP <sup>(2)</sup>	Beneficial	—	—	—	—	—
	Deemed	1,697,125,730 <sup>(3)</sup>	61.87% <sup>(4)</sup>	1,706,302,360 <sup>(3)</sup>	61.99% <sup>(4)</sup>	0.12%
	Total	1,697,125,730 <sup>(3)</sup>	61.87% <sup>(4)</sup>	1,706,302,360 <sup>(3)</sup>	61.99% <sup>(4)</sup>	0.12%
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	1,697,125,730 <sup>(3)</sup>	61.87% <sup>(4)</sup>	1,697,125,730 <sup>(3)</sup>	61.66% <sup>(4)</sup>	(0.21%)
	Deemed	—	—	—	—	—
	Total	1,697,125,730 <sup>(3)</sup>	61.87% <sup>(4)</sup>	1,697,125,730 <sup>(3)</sup>	61.66% <sup>(4)</sup>	(0.21%)
Union Gain International Limited ("Union Gain")	Beneficial	—	—	9,176,630	0.33%	0.33%
	Deemed	—	—	—	—	—
	Total	—	—	9,176,630	0.33%	0.33%

<sup>(1)</sup> Further information in relation to interests of corporations controlled by GZYX:

## Connected Party Transactions

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYX	100.00	Y	27,320	—
	GZYX	100.00	N	1,715,536,625 <sup>(3)</sup>	—
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	1,714,237,395 <sup>(3)</sup>	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	1,706,302,360 <sup>(3)</sup>	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
YXP	Bosworth International Limited	33.97	N	1,706,302,360 <sup>(3)</sup>	—
Dragon Yield	YXP	100.00	Y	1,697,125,730 <sup>(3)</sup>	—
Sun Peak Enterprises Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	1,414,207	—
Novena Pacific Limited	Sun Peak Enterprises Ltd.	100.00	Y	1,414,207	—
Shine Wah Worldwide Limited	Excellence Enterprises Co., Ltd.	100.00	N	395,122	—
Morrison Pacific Limited	Shine Wah Worldwide Limited	100.00	Y	395,122	—
Perfect Goal Development Co., Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	339,342	—
Greenwood Pacific Limited	Perfect Goal Development Co., Ltd.	100.00	Y	339,342	—
Seaport Development Limited	Excellence Enterprises Co., Ltd.	100.00	N	88,082	—
Goldstock International Limited	Seaport Development Limited	100.00	Y	88,082	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—
Union Gain	YXP	100.00	Y	9,176,630	—

<sup>(2)</sup> The deemed interest in 1,706,302,360 Units were held through Dragon Yield and Union Gain, both are 100% owned subsidiary of YXP.

<sup>(3)</sup> The number of units includes 733,280,494 deferred units. Commencing from 31 December 2016, Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to Yuexiu Property (or YXP Nominee) at an issue price of HK\$4.00 per unit. Further details are included in the circular dated 30 June 2012 and announcement dated 27 September 2012 of Yuexiu REIT.

<sup>(4)</sup> After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 35.69%, while the approximate interest in Yuexiu REIT held by YXP, Dragon Yield and Union Gain will be approximately 35.35%.

## Holdings Of Other Connected Persons

### 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 2013		As at 30 June 2013		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liao Ningjuan	Personal	1,250	0.000046%	1,250	0.000045%	(0.000001%)
Ms. Chen Huiqing	Personal <sup>(1)</sup>	510	0.000019%	510	0.000019%	–
Ms. Ou Haijing	Personal	1,000	0.000036%	1,000	0.000036%	–
Mr. Liu Bihong	Personal	225	0.000008%	225	0.000008%	–
Mr. Po Ping Wah, Alain	Personal	4,000	0.000146%	–	–	(0.000146%)

<sup>(1)</sup> 255 units held by spouse

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including the Trustee and Savills holding any Units as at 30 June 2013.

# Report on Review of Interim Financial Information



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF YUEXIU REIT ASSET MANAGEMENT LIMITED**  
(AS THE "MANAGER" of YUEXIU REAL ESTATE INVESTMENT TRUST)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 73, which comprises the interim condensed consolidated balance sheet of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related interim condensed consolidated statement of comprehensive income, distribution statement, interim condensed consolidated statement of net assets attributable to unitholders and changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 13 August 2013

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# Interim Condensed Consolidated Statement of Comprehensive Income

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For the six months ended 30 June 2013

	Note	Unaudited Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Revenue	6	638,934	271,489
Operating expenses	7	(393,669)	(108,107)
Fair value gains on investment properties	15	166,698	165,207
Transaction costs for a potential acquisition	12	—	(29,511)
Finance income	9	138,937	81
Finance cost	10	(237,902)	(32,350)
Profit before income tax and transactions with unitholders		312,998	266,809
Income tax expenses	11	(82,745)	(13,817)
Profit after income tax before transactions with unitholders		230,253	252,992
Transactions with unitholders		(243,021)	(252,992)
Loss after income tax after transactions with unitholders		(12,768)	—
Other comprehensive income for the period			
Items that may be reclassified to profit or loss:			
Change in fair value of property, plant and equipment, net of tax			
– Gross		16,700	—
– Tax		(4,675)	—
Other comprehensive income for the period, net of tax		12,025	—
Total comprehensive loss for the period		(743)	—

## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Attributable to				Total RMB'000
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note 26) RMB'000	Unitholders after transactions with unitholders RMB'000	Non- controlling interests RMB'000	
Profit/(loss) and total comprehensive income for the period ended 30 June 2012	252,992	(252,992)	—	—	—
Profit/(loss) for the period ended 30 June 2013	<b>231,173</b>	<b>(243,021)</b>	<b>(11,848)</b>	<b>(920)</b>	<b>(12,768)</b>
Other comprehensive income	<b>11,848</b>	—	<b>11,848</b>	<b>177</b>	<b>12,025</b>
Total comprehensive income/(loss) for the period ended 30 June 2013	<b>243,021</b>	<b>(243,021)</b>	—	<b>(743)</b>	<b>(743)</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, and third supplemental deed on 25 July 2012 (the "Trust Deed"), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash dividends 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 the 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 Distribution Statement on page 42.
- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders to unitholders and the average number of units in issue, is presented in Note 27.

The notes on pages 46 to 73 are an integral part of this condensed consolidated interim financial information.

# Interim Condensed Consolidated Balance Sheet

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As at 30 June 2013

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	13	2,257,295	2,287,311
Land use rights	14	1,651,036	1,675,679
Investment properties	15	18,438,000	18,264,000
Deferred assets	16	127,258	116,497
Goodwill	17	160,324	160,324
Top-up payment asset, non-current portion	18	156,997	232,448
		<b>22,790,910</b>	22,736,259
<b>Current assets</b>			
Inventories		3,991	3,971
Trade receivables	19	8,845	11,291
Amounts due from related companies	28	877,260	987,679
Tax recoverable		1,565	1,935
Prepayments, deposits and other receivables	20	30,406	24,756
Top-up payment asset, current portion	18	183,468	209,200
Short-term bank deposits	21	—	125,000
Cash and cash equivalents	21	890,144	774,021
		<b>1,995,679</b>	2,137,853
<b>Total assets</b>		<b>24,786,589</b>	24,874,112
<b>Current liabilities</b>			
Trade payables	23	5,394	8,677
Rental deposits, current portion	24	69,936	73,289
Receipts in advance	24	33,344	24,839
Accruals and other payables	24	1,309,266	1,408,820
Amounts due to related companies	28	56,954	46,290
Borrowings	25	104,000	300,000
Tax payable		787	—
		<b>1,579,681</b>	1,861,915

## Interim Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Rental deposits, non-current portion	24	131,743	121,431
Borrowings	25	8,169,529	8,057,636
Deferred tax liabilities	22	2,308,543	2,226,428
		<b>10,609,815</b>	10,405,495
<b>Total liabilities, other than net assets attributable to unitholders</b>		<b>12,189,496</b>	12,267,410
Net assets attributable to unitholders	26	12,515,217	12,524,083
<b>Total liabilities</b>		<b>24,704,713</b>	24,791,493
<b>Net assets</b>		<b>81,876</b>	82,619
<b>Equity</b>			
Revaluation reserve		17,687	5,839
Accumulated deficit		(17,687)	(5,839)
		—	—
Non-controlling interests		81,876	82,619
<b>Total equity</b>		<b>81,876</b>	82,619
<b>Net current assets</b>		<b>415,998</b>	275,938
<b>Total assets less current liabilities</b>		<b>23,206,908</b>	23,012,197
Units in issue ('000)	26	2,752,387	2,743,210
<b>Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>		<b>RMB4.55</b>	RMB4.57
<b>Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>		<b>RMB3.77</b>	RMB3.79

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited, as the Manager of Yuexiu REIT

**Liang Ningguang**  
Director

**Liu Yongjie**  
Director

The notes on pages 46 to 73 are an integral part of this condensed consolidated interim financial information.

# Distribution Statement

For the six months ended 30 June 2013

	Note	Unaudited	
		Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders		231,173	252,992
Adjustments for the total distributable income <sup>(i)</sup>			
– Fair value gains on investment properties		(166,698)	(165,207)
– Deferred taxation in respect of fair value gain on investment properties charged to the consolidated statement of comprehensive income		22,613	6,630
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(139,078)	(5,115)
– Foreign exchange gain on financing activities		(63,572)	—
Total distributable income		(115,562)	89,300
<b>Additional items <sup>(ii)</sup></b>			
– Cash received and/or receivable according to the Deed of Top-up Payments		103,968	—
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		139,078	—
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)		71,359	—
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		39,185	—
– Manager’s fee paid and payable in units in lieu of cash		44,921	—
– Interest income from top-up payment asset		(4,049)	—
– Fair value gain on top-up payment asset		(24,468)	—
– Amortisation of transaction costs due to early repayment of borrowings		24,054	—
– Transaction costs for a potential acquisition		—	29,511
<b>Distributable income after additional items</b>		<b>278,486</b>	118,811
Distributable amount at 1 January		284,658	113,170
Distribution paid during the period <sup>(iii)</sup>	26	(284,597)	(113,206)
Interim distribution declared <sup>(iv)</sup>		278,547	118,775
Distribution per unit, declared <sup>(iv)</sup>		RMB0.1012	RMB0.1114

## Distribution Statement

For the six months ended 30 June 2013

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated 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 period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed. During the period ended 30 June 2013, the Manager also decided to distribute an additional item of RMB24,054,000 (equivalent to HK\$29,730,000) which was related to the transaction costs due to early repayment of borrowings.
- (iii) A distribution of RMB0.1034 per unit, totaling RMB284,597,000 (equivalent to HK\$351,755,000), was paid to unitholders on 14 May 2013.
- (iv) An interim distribution in respect of six months ended 30 June 2013 of RMB0.1012 (equivalent to HK\$0.1272) per unit, totaling RMB278,547,000 (equivalent to HK\$350,145,000) was declared by the Board of the Manager on 13 August 2013.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2013 as disclosed in Note 26.

The notes on pages 46 to 73 are an integral part of this condensed consolidated interim financial information.

# Interim Condensed Consolidated Statement of Net Assets Attributable to Unitholders and Changes in Equity

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For the six months ended 30 June 2013

	Net assets Attributable to unitholders RMB'000	Equity			Total RMB'000
		Accumulated deficit RMB'000	Revaluation reserve RMB'000	Non- controlling interests RMB'000	
At 1 January 2012	5,095,264	—	—	—	5,095,264
Profit for the period attributable to:					
– Unitholders	252,992	—	—	—	252,992
Distributions paid to unitholders	(113,206)	—	—	—	(113,206)
At 30 June 2012	5,235,050	—	—	—	5,235,050
At 1 January 2013	<b>12,524,083</b>	<b>(5,839)</b>	<b>5,839</b>	<b>82,619</b>	<b>12,606,702</b>
Issuance of units	<b>32,710</b>	—	—	—	<b>32,710</b>
Profit for the period attributable to:					
– Unitholders	<b>243,021</b>	—	—	—	<b>243,021</b>
– Equity holders	—	<b>(11,848)</b>	—	<b>(920)</b>	<b>(12,768)</b>
Distributions paid to unitholders	<b>(284,597)</b>	—	—	—	<b>(284,597)</b>
Change in fair value of property, plant and equipment, net of tax	—	—	<b>11,848</b>	<b>177</b>	<b>12,025</b>
At 30 June 2013	<b>12,515,217</b>	<b>(17,687)</b>	<b>17,687</b>	<b>81,876</b>	<b>12,597,093</b>

The notes on pages 46 to 73 are an integral part of this condensed consolidated interim financial information.

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	336,349	164,209
Interest paid	(205,689)	(23,187)
Corporate income tax paid	(4,148)	(4,535)
Top-up payment received	129,700	—
Net cash generated from operating activities	256,212	136,487
<b>Cash flows from investing activities</b>		
Additions of investment properties	(7,302)	(7,793)
Interest received	46,848	3,208
Decrease in short-term bank deposits with original maturity of more than three months	125,000	175,111
Net cash generated from investing activities	164,546	170,526
<b>Cash flows from financing activities</b>		
Distribution paid	(284,597)	(113,206)
Repayment of bank borrowings	(2,179,650)	—
Proceeds from other borrowings	2,126,902	—
Issuance of units	32,710	—
Net cash used in financing activities	(304,635)	(113,206)
<b>Net increase in cash and cash equivalents</b>	116,123	193,807
Cash and cash equivalents at beginning of the period	774,021	520,650
<b>Cash and cash equivalents at end of the period</b>	890,144	714,457

The notes on pages 46 to 73 are an integral part of this condensed consolidated interim financial information.

## 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 Mainland China (“China”).

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”), and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the “Trustee”) on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third Supplemental Deed dated 25 July 2012) (the “Trust Deed”) and authorised under section 104 of the Securities and Futures Ordinance (“SFO”) subject to the applicable conditions imposed by Securities and Futures Commission (“SFC”) from time to time. The address of its registered office is 24/F, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 13 August 2013.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with HKFRS.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## Notes to the Condensed Consolidated Interim Financial Information

### 3 ACCOUNTING POLICIES (Continued)

- (a) New standards and amendments, revisions and interpretation to existing standards effective in 2013 but not relevant to the Group

The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2013:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Investment in associates and joint ventures
HKFRS 1 (Amendment)	First time adoption – Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 10 and HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosures of Interest in Other Entities: Transitional Guidance
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurements
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine
Annual Improvement Project	Annual improvements 2009-2011 cycle

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures for financial assets and non-financial assets.

As a result, the adoption of above new standards and amendments, revisions and interpretation to existing standards does not have material impact on the results and financial position of the Group.

# Notes to the Condensed Consolidated Interim Financial Information

## 3 ACCOUNTING POLICIES (Continued)

- (b) The following new standards and amendments to standards have been issued but are not effected for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial instruments : Presentation - Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HK (IFRIC) Interpretation 21	Levies	1 January 2014

The directors of the Manager anticipate that the adoption of these standards, amendments to standards and interpretations would not result in a significant impact on the results and financial position of the Group. The Group will adopt the above new standards, amendments to standards and interpretations when they become effective.

## 4 SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management policies since year end.

## Notes to the Condensed Consolidated Interim Financial Information

### 6 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 apartment, 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 condensed consolidated financial information.

Total assets excluded taxation recoverable and corporate assets. Corporate assets are not directly attributable to segments.

The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the consolidated statement of comprehensive income.

	Hotel and serviced apartment RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
<b>Period ended 30 June 2013</b>				
Revenue from external customers	139,122	273,789	226,023	638,934
Segment results	7,343	296,880	164,169	468,392
Depreciation and amortisation	70,343	1,016	—	71,359
Fair value gain on investment properties	—	101,012	65,686	166,698
<b>Period ended 30 June 2012</b>				
Revenue from external customers	—	84,701	186,788	271,489
Segment results	—	143,731	238,453	382,184
Depreciation and amortisation	—	—	10	10
Fair value gain on investment properties	—	47,541	117,666	165,207
<b>As at 30 June 2013</b>				
Total reportable segments' assets	4,517,551	14,981,724	5,056,406	24,555,681
<b>As at 31 December 2012</b>				
Total reportable segments' assets	4,892,058	14,896,971	4,856,177	24,645,206

# Notes to the Condensed Consolidated Interim Financial Information

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## 6 REVENUE AND SEGMENT INFORMATION (Continued)

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

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Segment results	468,392	382,184
Unallocated operating costs (Note)	(56,429)	(53,595)
Operating profit	411,963	328,589
Finance income	138,937	81
Finance cost	(237,902)	(32,350)
Transaction costs for a potential acquisition	—	(29,511)
Profit before income tax and transactions with unitholders	312,998	266,809

Note: Unallocated operating costs include mainly asset management fee, legal and professional expenses and other operating expenses.

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

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
	Total reportable segments' assets	24,555,681
Tax recoverable	1,565	1,935
Corporate assets	229,343	226,971
Total assets	24,786,589	24,874,112

	Revenue Unaudited Six months ended 30 June		Total assets	
	2013 RMB'000	2012 RMB'000	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
China	638,934	271,489	24,555,681	24,645,206
Unallocated assets			230,908	228,906
			24,786,589	24,874,112

There has been no material change in total liabilities from the amount disclosed in the last annual financial statements.

## Notes to the Condensed Consolidated Interim Financial Information

### 7 EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Property management fee <sup>(i)</sup>	14,271	9,271
Employee benefit expenses	13,118	—
Urban real estate tax	65,932	32,314
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	38,958	15,448
Withholding tax <sup>(ii)</sup>	24,719	24,527
Depreciation of property, plant and equipment	46,716	10
Amortisation of land use rights	24,643	—
Cost of inventories sold or consumed in operation	70,842	—
Utility expenses	12,953	—
Advertising and promotion expenses	15,398	—
Manager's fee (Note 8)	44,921	17,720
Trustee's fee	3,731	1,135
Valuation fee	455	195
Legal and professional fee	2,426	4,445
Auditor's remuneration	2,875	734
Bank charges	176	20
Others	11,535	2,288
<b>Total operating expenses</b>	<b>393,669</b>	<b>108,107</b>

Note:

<sup>(i)</sup> The Group received leasing, marketing and tenancy management services from three leasing agents in Guangzhou, namely, Guangzhou Yicheng Property Management Ltd., Guangzhou White Horse Property Management Co., Ltd. and Guangzhou Yuexiu Asset Management Company Limited (Note 28).

<sup>(ii)</sup> Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

# Notes to the Condensed Consolidated Interim Financial Information

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## 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 value of the deposited property and a service fee of 3% per annum of net property income for each of the six months ended 30 June 2012 and 30 June 2013, as defined in the Trust Deed.

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Manager's fee:		
In the form of units	44,921	—
In the form of cash	—	17,720
	<b>44,921</b>	<b>17,720</b>

Pursuant to the circular of Yuexiu REIT dated 30 June 2012, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017 will be made in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the period ended 30 June 2013 are expected to be issued on 29 August 2013. 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 29 August 2013 and (ii) the average closing price of the units in the 10 trading days immediately preceding 29 August 2013.

## 9 FINANCE INCOME

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest income from bank deposits	8,381	3,208
Interest income from a related company	38,467	—
Interest income from top-up payment asset	4,049	—
Fair value gain on top-up payment asset	24,468	—
Foreign exchange gain/(loss) on financing activities	63,572	(3,127)
	<b>138,937</b>	<b>81</b>

## Notes to the Condensed Consolidated Interim Financial Information

### 10 FINANCE COST

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest expense for bank borrowings	196,808	23,187
Interest expense for other borrowings	8,881	—
Amortisation of transaction costs for borrowings	32,213	9,163
	<b>237,902</b>	<b>32,350</b>

### 11 INCOME TAX EXPENSES

For the subsidiaries incorporated and operated in China, they are subject to China corporate income tax at a rate of 25% under Corporate Income Tax Law of China.

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 7(ii).

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Current income tax		
– China corporate income tax	5,305	4,653
Deferred income tax (Note 22)	77,440	9,164
	<b>82,745</b>	<b>13,817</b>

### 12 TRANSACTION COSTS FOR A POTENTIAL ACQUISITION

On 28 May 2012, the Trustee entered into a conditional subscription agreement with Yuexiu Property Company Limited ("YXP"), a major unitholder of Yuexiu REIT, to subscribe for 99.99% of the enlarged share capital of Tower Top Development Limited ("Tower Top"), which held 99% interest in Guangzhou International Finance Center ("Guangzhou IFC"), a mixed-use commercial building in Guangzhou. On the same date, the Trustee, the Manager and YXP also entered into a conditional indebtedness agreement in which YXP agreed to transfer and assign the amount owed by Tower Top to YXP to the Trustee. The transaction costs incurred for the six months ended 30 June 2012 were RMB29,511,000. The above transaction was completed on 8 October 2012.

# Notes to the Condensed Consolidated Interim Financial Information

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## 13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartment RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
Six months ended 30 June 2012				
Opening net book amount as at 1 January 2012	—	10	—	10
Depreciation	—	(10)	—	(10)
Closing net book amount as at 30 June 2012	—	—	—	—
Six months ended 30 June 2013				
Opening net book amount as at 1 January 2013	<b>2,278,000</b>	<b>433</b>	<b>8,878</b>	<b>2,287,311</b>
Depreciation	<b>(45,700)</b>	<b>(79)</b>	<b>(937)</b>	<b>(46,716)</b>
Fair value gain on revaluation	<b>16,700</b>	—	—	<b>16,700</b>
Closing net book amount as at 30 June 2013	<b>2,249,000</b>	<b>354</b>	<b>7,941</b>	<b>2,257,295</b>
At 30 June 2013				
At fair value	<b>2,249,000</b>	—	—	<b>2,249,000</b>
At cost	—	<b>354</b>	<b>7,941</b>	<b>8,295</b>
	<b>2,249,000</b>	<b>354</b>	<b>7,941</b>	<b>2,257,295</b>

Hotel and serviced apartment was revalued on the basis of its open market value by Savills Valuation and Professional Services Limited, an independent professional qualified valuer who is a fellow member of the Hong Kong Institute of Surveyors, as at 30 June 2013.

If hotel and serviced apartment had not been revalued, it would have been included in these condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB2,224,161,000 (31 December 2012: RMB2,269,861,000).

As at 30 June 2013, property, plant and equipment with an aggregate carrying amount of RMB2,249 million (31 December 2012: RMB2,278 million) were pledged as collateral for the Group's bank borrowings (Note 25).

## Notes to the Condensed Consolidated Interim Financial Information

### 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The fair value measurement information for property, plant and equipment in accordance with HKFRS 13 are given below:

	Fair value measurements at 30 June 2013		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Property, plant and equipment	—	—	2,249,000

There were no transfers among Level 1, Level 2 and Level 3 during the period.

Property, plant and equipment which have fair value measurement using significant unobservable inputs (Level 3):

	RMB'000
Opening balance	2,278,000
Depreciation	(45,700)
Unrealised gains recognised in reserve	16,700
Closing balance	2,249,000

Level 3 fair values of hotel and serviced apartment have been derived using the income capitalisation approach, which basically converts the actual and anticipated net income from hotel and serviced apartment into a value through the process of capitalisation.

The main Level 3 inputs used by the Group are as follows:

#### (a) Annual growth rates

These are estimated by Yuexiu REIT based on market conditions as at 30 June 2013. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the annual growth rates, the higher the fair values of hotel and serviced apartment.

#### (b) Discount rates

These are estimated based on the weighted average cost of capital of public companies that are, in the opinion of the Group, comparable with the businesses being valued. The Group has subscriptions to information brokers that allow the Group to gather such information. The higher the discount rates used, the lower the fair values of hotel and serviced apartment.

There were no changes in valuation techniques during the period.

# Notes to the Condensed Consolidated Interim Financial Information

## 14 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Beginning of the period	1,675,679	—
Amortisation	(24,643)	—
End of the period	1,651,036	—

The Group's land use rights at their net book amounts are analysed as follows:

	30 June 2013 RMB'000	30 June 2012 RMB'000
	In China: Land use rights of between 10 and 50 years	1,651,036

As at 30 June 2013, the fair value of land use rights is approximately RMB1,847 million (31 December 2012: RMB1,784 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2013, land use rights were pledged with an aggregate net book amount of RMB1,651 million (31 December 2012: RMB1,676 million) as collateral for the Group's bank borrowings (Note 25).

## 15 INVESTMENT PROPERTIES

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Beginning of the period	18,264,000	6,471,000
Additions during the period	7,302	7,793
Fair value gains during the period	166,698	165,207
End of the period	18,438,000	6,644,000

The investment properties are located in China and held on land use rights of 40 years to 50 years, expiring in 2045 through 2055.

## Notes to the Condensed Consolidated Interim Financial Information

### 15 INVESTMENT PROPERTIES (Continued)

The investment properties were revalued at 30 June 2013 by Savills Valuation and Professional Services Limited, an independent professional valuer who is a fellow member of the Hong Kong Institute of Surveyors. Valuations were performed using discounted cash flow projections based on estimates of future cash flows, derived from the terms of any existing lease and other contracts, and from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB6,721,190 (2012: RMB367,075) relating to investment properties that were vacant.

As at 30 June 2013, investment properties with an aggregate net book value of approximately RMB11,516 million (31 December 2012: RMB17,496 million) were pledged as collateral for the Group's bank borrowings (Note 25).

Yuexiu REIT acquired Guangzhou IFC on 8 October 2012. In accordance with the REIT Code, Yuexiu REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the Unitholders have passed a special resolution consenting to the proposed disposal.

The fair value measurement information for these investment properties in accordance with HKFRS 13 are given below.

	Fair value measurements at 30 June 2013		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties	—	—	18,438,000

There were no transfers among Level 1, Level 2 and 3 during the period.

## 15 INVESTMENT PROPERTIES (Continued)

Investment properties which have fair value measurement using significant unobservable inputs (Level 3):

	<b>RMB'000</b>
Opening balance	<b>18,264,000</b>
Additions during the period	<b>7,302</b>
Unrealised gains recognised in profit and loss	<b>166,698</b>
Closing balance	<b>18,438,000</b>

Level 3 fair values of investment properties have been derived using the income capitalisation approach, which basically converts the actual and anticipated net income from investment properties into a value through the process of capitalisation.

The main Level 3 inputs used by the Group are as follows:

(a) Annual growth rates

These are estimated by Yuexiu REIT based on market conditions as at 30 June 2013. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the annual growth rates, the higher the fair values of investment properties.

(b) Discount rates

These are estimated based on the weighted average cost of capital of public companies that are, in the opinion of the Group, comparable with the businesses being valued. The Group has subscriptions to information brokers that allow the Group to gather such information. The higher the discount rates used, the lower the fair values of investment properties.

There were no changes in valuation techniques during the period.

## 16 DEFERRED ASSETS

Rental income is recognised on an accrual 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 realized twelve months after the balance sheet date are classified as non-current assets. The deferred assets are denominated in RMB.

## Notes to the Condensed Consolidated Interim Financial Information

### 17 GOODWILL

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Net book amount	<b>160,324</b>	160,324
Cost	<b>160,324</b>	160,324
Accumulated impairment	—	—
	<b>160,324</b>	160,324

### 18 TOP-UP PAYMENT ASSET

During 2012, the Group acquired Guangzhou IFC from YXP. Pursuant to the acquisition, YXP agreed to provide income support to Yuexiu REIT for the period from 1 July 2012 until 31 December 2016 for the hotel and serviced apartment business. The top-up payment is the shortfall of actual gross operating profits ("GOP") and the guaranteed GOP of hotel and serviced apartments.

Top-up payment asset is recognised as financial assets in Yuexiu REIT, which is denominated in RMB. The fair value of the balance approximates its carrying amount.

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cash flows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 3.575% per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows is under revision regularly.

The carrying amount of top-up payment asset will be adjusted to reflect the actual and revised estimated cash flows, by computing the present value of estimated future cash flows at the original effective interest rate. The adjustment is recognised in "finance income".

# Notes to the Condensed Consolidated Interim Financial Information

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## 19 TRADE RECEIVABLES

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Trade receivables	<b>8,845</b>	11,291

The fair values of trade receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The ageing analysis of trade receivables is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
0 - 30 days	<b>6,818</b>	9,051
31 - 90 days	<b>1,261</b>	1,325
91 - 180 days	<b>52</b>	915
181 - 365 days	<b>714</b>	—
	<b>8,845</b>	11,291

Majority of the Group's trade receivables are denominated in RMB.

## 20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables mainly represents prepaid business tax and deposits for utilities. The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

All prepayments, deposits and other receivables are denominated in RMB.

## Notes to the Condensed Consolidated Interim Financial Information

### 21 SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

As at 30 June 2013, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB630,154,000 (31 December 2012: RMB566,083,000) 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 China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of 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. The existing counterparties do not have defaults in the past.

The remaining balances of short-term bank deposits and cash and cash equivalents are denominated in Hong Kong dollar and United States dollar.

The carrying amounts of short-term bank deposits and cash and cash equivalents approximate their fair values.

### 22 DEFERRED TAX LIABILITIES

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	<b>2,308,543</b>	2,226,428

The movements in the deferred tax liabilities account are as follows:

	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2013</b> <b>RMB'000</b>	2012 RMB'000
Beginning of the period	<b>2,226,428</b>	100,105
Deferred taxation charged to statement of comprehensive income (Note 11)	<b>77,440</b>	9,164
Deferred taxation charged to reserve	<b>4,675</b>	—
End of the period	<b>2,308,543</b>	109,269

## Notes to the Condensed Consolidated Interim Financial Information

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### 22 DEFERRED TAX LIABILITIES (Continued)

The movements in deferred tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Tax losses RMB'000
Six months ended 30 June 2012	—
At 1 January 2012	—
Credited to the statement of comprehensive income (Note 11)	—
At 30 June 2012	—
Six months ended 30 June 2013	
At 1 January 2013	—
Credited to the statement of comprehensive income (Note 11)	30,190
At 30 June 2013	30,190

The movements in deferred tax liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Fair value gains RMB'000	Withholding tax in respect of unremitted earnings of a subsidiaries RMB'000	Accelerated depreciation allowance RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2012					
At 1 January 2012	76,368	9,133	—	14,604	100,105
Charged to the statement of comprehensive income (Note 11)	6,630	1,314	—	1,220	9,164
At 30 June 2012	82,998	10,447	—	15,824	109,269
Six months ended 30 June 2013					
At 1 January 2013	1,952,613	238,970	9,765	25,080	2,226,428
Charged to the statement of comprehensive income (Note 11)	22,613	10,223	39,185	35,609	107,630
Charged to reserve	4,675	—	—	—	4,675
At 30 June 2013	1,979,901	249,193	48,950	60,689	2,338,733

There is no significant unprovided deferred taxation as at 30 June 2013 (31 December 2012: Nil).

## Notes to the Condensed Consolidated Interim Financial Information

### 23 TRADE PAYABLES

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Trade payables	<b>5,394</b>	8,677

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
0 - 30 days	<b>1,008</b>	7,762
31 - 90 days	<b>561</b>	829
91 - 180 days	<b>3,796</b>	86
181 - 365 days	<b>29</b>	—
	<b>5,394</b>	8,677

Majority of the Group's trade payables are denominated in RMB.

## Notes to the Condensed Consolidated Interim Financial Information

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### 24 RENTAL DEPOSITS, RECEIPTS IN ADVANCE AND ACCRUALS AND OTHER PAYABLES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Rental deposits		
Current portion	<b>69,936</b>	73,289
Non-current portion	<b>131,743</b>	121,431
	<b>201,679</b>	194,720
Receipts in advance	<b>33,344</b>	24,839
Provision for withholding tax payable	<b>7,208</b>	7,518
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	<b>9,402</b>	11,318
Construction fee payable	<b>1,196,433</b>	1,287,907
Accruals for operating expenses	<b>96,223</b>	102,077
Accruals and other payables	<b>1,309,266</b>	1,408,820
	<b>1,544,289</b>	1,628,379

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 Condensed Consolidated Interim Financial Information

### 25 BORROWINGS

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Current portion of long term borrowings	<b>104,000</b>	300,000
Total short term borrowings	<b>104,000</b>	300,000
Long term borrowings		
Bank borrowings, secured	<b>6,124,952</b>	8,357,636
Other borrowings, unsecured (Note)	<b>2,148,577</b>	—
	<b>8,273,529</b>	8,357,636
Less: current portion of long term borrowings	<b>(104,000)</b>	(300,000)
Total long term borrowings	<b>8,169,529</b>	8,057,636
Analysed into:		
Unsecured	<b>2,148,577</b>	—
Secured	<b>6,124,952</b>	8,357,636
	<b>8,273,529</b>	8,357,636

Bank borrowings of the Group are guaranteed on a joint and several basis and also secured by the following:

- equity interests of Yuexiu REIT 2012, Tower Top, BVI Holdcos<sup>1</sup>, HK Holdcos<sup>2</sup> and PRC Holdcos<sup>3</sup>;
- present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the “Charged Accounts”), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012, Tower Top, BVI Holdcos and HK Holdcos, subsidiaries of the Group;
- all right, title and interest in all present and future loans of Yuexiu REIT 2012, Tower Top, BVI Holdcos and HK Holdcos;
- all the right, title and interest of HK Holdcos in its project related services contract with Tower Top (operation, management, staffing, marketing, procurement and other related services for Guangzhou IFC);
- all the right, title and interest of the Trustee in the Subscription Deed (deed for the subscription of shares in Tower Top) and the indebtedness agreement.

<sup>1</sup> “BVI Holdcos” include Bliss Town Holdings Ltd., Hoover Star International Ltd., Miller Win Group Ltd. and Shinning Opal Management Ltd.

<sup>2</sup> “HK Holdcos” include Ever Joint Investment International Limited, Long Grace Holdings Limited, Profit Link Investment International Limited and San Bright Holdings Limited.

<sup>3</sup> “PRC Holdcos” include 廣州越程實業有限公司, 廣州越聲實業有限公司, 廣州越匯實業有限公司 and 廣州越力實業有限公司.

# Notes to the Condensed Consolidated Interim Financial Information

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## 25 BORROWINGS (Continued)

Note:

On 14 May 2013, Yuexiu REIT MTN Company Limited, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$350 million principal amount of 3.10% notes due 2018 (the "USD Bond") to investors under the US\$1 billion guaranteed medium term note programme established on 21 March 2013 pursuant to the subscription agreement dated 7 May 2013. All of the USD Bond remained outstanding at 30 June 2013.

## 26 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Beginning of the period	12,524,083	5,095,264
Issuance of units	32,710	—
Transfer from the statement of comprehensive income	243,021	252,992
Distribution paid during the period	(284,597)	(113,206)
End of the period	12,515,217	5,235,050

  

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Net assets attributable to existing unitholders	10,385,636	5,235,050
Net assets attributable to deferred unitholder (Note)	2,129,581	—
	12,515,217	5,235,050

Note:

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 number of units to be issued each year will be limited to the maximum number of units that may be issued to YXP 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. The outstanding deferred units at 30 June 2013 were 733,280,000 units.

## Notes to the Condensed Consolidated Interim Financial Information

### 26 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

The movement of units is as below:

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Beginning of the period	2,743,210	1,065,973
Units issued during the period (Note)	9,177	—
End of the period	2,752,387	1,065,973

Note:

During the period, 9,176,630 units were issued at HK\$4.39 (approximately RMB3.57) as payment of manager's fee for the period from 1 July 2012 to 31 December 2012.

### 27 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

#### (a) Basic

Basic earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the period.

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	231,173	252,992
Weighted average number of units in issue ('000)	2,748,026	1,065,973
Basic earnings per unit (RMB)	0.08	0.24

## Notes to the Condensed Consolidated Interim Financial Information

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### 27 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS (Continued)

#### (b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2013.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
Profit after income tax before transactions		
with unitholders attributable to unitholders (RMB'000)	<b>231,173</b>	252,992
Weighted average number of units in issue ('000)	<b>2,748,026</b>	1,065,973
Adjustments for deferred units ('000)	<b>168,294</b>	—
Adjustments for manager's fee in form of units ('000)	<b>13,333</b>	—
Weighted average number of units for diluted earnings per unit ('000)	<b>2,929,653</b>	1,065,973
Diluted earnings per unit (RMB)	<b>0.08</b>	0.24

## Notes to the Condensed Consolidated Interim Financial Information

### 28 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2013, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 35% of Yuexiu REIT's units. The remaining approximately 65% 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 30 June 2013:

Connected/related company	Relationship with Yuexiu REIT
Yuexiu Property Company Limited ("YXP") <sup>1</sup>	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") <sup>1</sup>	A subsidiary of YXP
Guangzhou Yicheng Property Management Ltd. ("Yicheng") <sup>1</sup>	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") <sup>1</sup>	A subsidiary of YXP
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM") <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction & Development 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
Yue Xiu Enterprises (Holdings) Limited ("YXE") <sup>1</sup>	A major shareholder of YXP
Guangzhou Yue Xiu Holdings Limited ("Yue Xiu") <sup>1</sup>	Immediate holding company of YXE
廣州市城市建設開發集團有限公司 <sup>1</sup>	A subsidiary of Yue Xiu
Golden Eagle Asset Management Co. Ltd. ("Golden Eagle") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Grandcity Development Ltd. <sup>1</sup>	A subsidiary of YXP
Guangzhou Yue Xiu City Construction JLL Property Services Company Limited <sup>1</sup>	A subsidiary of YXP
廣州廣證恒生證券投資諮詢有限公司 <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Suiqiao Development Company Limited <sup>1</sup>	A subsidiary of Yue Xiu
廣州證券有限責任公司 <sup>1</sup>	A subsidiary of Yue Xiu
廣州越秀產業投資管理有限公司 <sup>1</sup>	A subsidiary of Yue Xiu
廣州越秀融資租賃有限公司 <sup>1</sup>	A subsidiary of Yue Xiu
廣州越秀金融家俱樂部有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀金融投資集團有限公司 <sup>1</sup>	A subsidiary of Yue Xiu
廣州越秀小額貸款有限公司 <sup>1</sup>	A subsidiary of Yue Xiu
北京仲量聯行物業管理服務有限公司廣州分公司 <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yue Tong Expressway Operations and Management Company Limited <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. <sup>1</sup>	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited <sup>1</sup>	A subsidiary of Yue Xiu
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The Trustee of Yuexiu REIT
Savills Valuation and Professional Services Limited (the "Valuer")	The principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	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.

# Notes to the Condensed Consolidated Interim Financial Information

## 28 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The following transactions and balances were carried out with connected parties and related companies:

### (a) Transactions with connected/related companies

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Manager's fee paid/payable to the Manager <sup>(ii)</sup>	(44,921)	(17,720)
Management fee paid/payable to Yicheng	(4,296)	(4,505)
Management fee paid/payable to White Horse PM	(5,027)	(4,766)
Management fee paid/payable to GZ AM	(4,948)	—
Rental income received/receivable from Xingye	2,848	712
Rental income received/receivable from Yicheng	1,771	3
Rental income received/receivable from GCCD	18,984	250
Rental income received/receivable from White Horse JV	600	600
Rental income received/receivable from Golden Eagle	2,256	2,269
Rental income received/receivable from Yue Xiu	14,577	—
Rental income received/receivable from Guangzhou Grandcity Development Ltd.	10,399	—
Rental income received/receivable from 廣州廣證恒生證券投資諮詢有限公司	1,492	—
Rental income received/receivable from Guangzhou Suiqiao Development Company Limited	280	—
Rental income received/receivable from 廣州證券有限責任公司	9,880	—
Rental income received/receivable from 廣州越秀產業投資管理有限公司	1,390	—
Rental income received/receivable from Guangzhou Yue Xiu City Construction JLL Property Services Company Limited	6,500	—
Rental income received/receivable from 廣州越秀融資租賃有限公司	1,695	—
Rental income received/receivable from GZ AM	1,838	—
Rental income received/receivable from 廣州越秀金融家俱樂部有限公司	2,794	—
Rental income received/receivable from 廣州越秀金融投資集團有限公司	2,106	—
Rental income received/receivable from Guangzhou Yue Tong Expressway Operations and Management Company Limited	560	—
Rental income received/receivable from Guangzhou Yue Peng Information Ltd.	372	—
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	2,360	—
Rental income received/receivable from 廣州越秀小額貸款有限公司	165	—

## Notes to the Condensed Consolidated Interim Financial Information

### 28 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

#### (a) Transactions with connected/related companies (Continued)

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Rental income received/receivable from北京仲量聯行物業管理服務有限公司廣州分公司	568	—
Naming right income received/receivable from YXP	10,000	—
Interest income received/receivable from GCCD	38,467	—
Trustee's fee paid/payable to the Trustee	(3,731)	(1,135)
Valuation fee paid/payable to the Valuer	(455)	(195)
Transactions with the HSBC Group		
– Interest expense paid/payable to the HSBC Group	(2,064)	(4,008)
– Rental income received/receivable from the HSBC Group	—	6,017
– Interest income from the HSBC Group	12	52
– Advisory fee paid to HSBC Group	(4,342)	—

Note:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreement governing the transactions.
- (ii) The Manager's fee is calculated as the aggregate of a base fee of 0.3% per annum of the value of the deposited property, as defined in the Trust Deed and a service fee of 3% per annum of net property income, as defined in the Trust Deed (Note 8).

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## 28 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

### (b) Balances with related companies

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Amount due from YXP	10,000	10,000
Amount due from GCCD (Note)	867,260	977,679
Amount due to Yicheng	(347)	(818)
Amount due to White Horse PM	(836)	(658)
Amount due to the Manager	(44,921)	(32,945)
Amount due to GZ AM	(850)	(2,305)
Amount due to廣州市城市建設開發集團有限公司	(10,000)	(10,000)
Rental deposits from Xingye	(1,116)	(1,113)
Rental deposits from Yicheng	(952)	(428)
Rental deposits from GCCD	(10,561)	(10,925)
Rental deposits from White Horse JV	(200)	(167)
Rental deposits from Golden Eagle Asset Management Co., Ltd	(1,328)	(1,328)
Rental deposits from Guangzhou Grandcity Development Ltd.	(3,736)	(2,684)
Rental deposits from廣州廣證恒生證券投資諮詢有限公司	(495)	(464)
Rental deposits from Guangzhou Suiqiao Development Company Limited	(93)	(93)
Rental deposits from廣州證券有限責任公司	(3,256)	(3,278)
Rental deposits from廣州越秀產業投資管理有限公司	(440)	(416)
Rental deposits from Guangzhou Yue Xiu City Construction JLL Property Services Company Limited	(1,083)	(1,083)
Rental deposits from廣州越秀融資租賃有限公司	(511)	(492)
Rental deposits from GZ AM	(396)	(396)
Rental deposits from廣州越秀金融家俱樂部有限公司	(933)	(933)
Rental deposits from廣州越秀金融投資集團有限公司	(646)	(636)
Rental deposits from Guangzhou Yue Tong Expressway Operations and Management Company	(187)	(183)
Rental deposits from Guangzhou Yue Peng Information Ltd.	(123)	(123)
Rental deposits from Yuexiu (China) Transport Infrastructure Investment Company Limited	(783)	(783)
Rental deposits from廣州越秀小額貸款有限公司	(186)	—
Rental deposits from北京仲量聯行物業管理服務有限公司廣州分公司	(197)	—
Trade receivables from GCCD	1,130	—
Trade receivables from Yue Xiu	357	—
Trade receivables from廣州越秀融資租賃有限公司	275	—

## Notes to the Condensed Consolidated Interim Financial Information

### 28 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

#### (b) Balances with related companies (Continued)

Except for an amount due from GCCD of approximately RMB825,000,000 (31 December 2012: RMB926,000,000) is unsecured and interest bearing of 9% per annum, all other balances with related companies are unsecured, interest-free, repayable on demand and approximate to their fair values. All the balances are denominated in RMB, except for the amount due to the Manager which is denominated in HK\$.

Note:

Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction cost related to the construction of Guangzhou IFC. On 7 May 2012, an initial amount of RMB1,293 million was transferred to GCCD by Tower Top. The receivable balance of RMB867,260,000 as at period end represents the initial amount transferred to GCCD less the settlement of construction payable. The remaining amount will be paid to GCCD when the receivable balance is less than or equal to RMB100 million.

#### (c) Key management compensation

There was no key management compensation for the period ended 30 June 2013 (2012: nil).

### 29 CAPITAL COMMITMENTS

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Capital commitments in respect of investment properties, contracted but not provided for	<b>7,473</b>	8,298

### 30 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2013, the Group had future minimum rental receivables under non-cancellable leases as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>RMB'000</b>	Audited 31 December 2012 RMB'000
Within one year	<b>933,964</b>	913,385
Between one year and five years	<b>1,434,534</b>	1,606,098
Over five years	<b>623,693</b>	785,844
	<b>2,992,191</b>	3,305,327

## Performance Table

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	<b>Unaudited 30 June 2013</b>	Unaudited 30 June 2012
Net assets attributable to Unitholders (RMB)	<b>12,515,217,000</b>	5,235,050,000
Net assets attributable to Unitholders per unit (RMB)	<b>4.55</b>	4.91
Equivalent to HK\$	<b>5.71</b>	6.05
The highest premium of the traded price to net asset value (i)	—	—
The highest discount of the traded price to net asset value (i)	<b>HK\$2.03</b>	HK\$2.69
Net yield per unit (ii)	<b>1.89%</b>	6.38%
Number of units in issue	<b>2,752,386,371 units</b>	1,065,972,687 units

Note:

- (i) The highest premium is calculated based on the highest traded price of HK\$4.91 (2012: HK\$4.20) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2013 to 30 June 2013. The highest discount is calculated based on the lowest traded price of HK\$3.68 (2012: HK\$3.36) on the Stock Exchange during the period from 1 January 2013 to 30 June 2013. Since the highest traded price during the six months ended 30 June 2013 was HK\$4.91, which was lower than the net asset value as at 30 June 2013, no premium of the traded price to net asset value was presented for 30 June 2013.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with Unitholders per unit for the period from 1 January 2013 to 30 June 2013 over the traded price on the Stock Exchange of HK\$4.23 (2012: HK\$3.72) as at 30 June 2013.

## Corporate and Investor Relations Information

### Board of Directors of the Manager

#### Executive directors

Mr Liang Ningguang (*Chairman*)  
Mr Liu Yongjie

#### Non-executive director

Mr Li Feng

#### Independent non-executive directors & audit committee members

Mr Chan Chi On, Derek  
Mr Lee Kwan Hung, Eddie  
Mr Chan Chi Fai, Brian

#### Responsible Officers of the Manager

Mr Liang Ningguang  
Mr Liu Yongjie  
Mr Lin Deliang

### Company Secretary of The Manager

Mr Yu Tat Fung

### Trustee

HSBC Institutional Trust Services (Asia) Limited

### Auditor of Yuexiu Reit

PricewaterhouseCoopers  
Certified Public Accountants

### Principal Valuer

Savills Valuation and Professional Services Limited

### Hong Kong Legal Advisor

Baker & McKenzie

## Principal Bankers of Yuexiu REIT

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited  
DBS Bank Ltd, Hong Kong Branch  
Shanghai Pudong Development Bank Co., Ltd  
Wing Lung Bank, Limited  
The Bank of East Asia, Limited  
Nanyang Commercial Bank, Limited  
Malayan Banking Berhad Group  
China Minsheng Banking Corp., Ltd, Hong Kong Branch  
Wing Hang Bank Limited

## Websites to Access Information in Relation to Yuexiu REIT

<http://www.yuexiureit.com>  
<http://www.hkex.com.hk>

## Registered Office of the Manager

24th Floor  
Yue Xiu Building  
160 Lockhart Road  
Wanchai, Hong Kong

## Unit Registrar and Transfer Office

Tricor Investor Services Limited  
26/F Tesbury Centre  
28 Queen's Road East, Wanchai, Hong Kong

## Unit Listing

Yuexiu REIT's Units are listed on:  
The Stock Exchange of Hong Kong Limited  
The stock code is: 405

## Investor Relations

For further information about  
Yuexiu REIT, please contact:  
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MANAGER



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YUEXIU REIT ASSET MANAGEMENT LIMITED

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