



# 越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

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

(Stock Code : 00405)



YUEXIU  
REIT

2005-2023



VISION FOR  
**A STEADY FORTUNE**

INTERIM REPORT  
**2023**

**18** YUEXIU  
REIT  
2005-2023



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## PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's financial results during the Interim Period together with comparative figures for the six months ended 30 June 2022 and year ended 31 December 2022:

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

	Six months ended 30 June		Change Increase/ (decrease)
	2023	2022	
Gross income	<b>1,060,864,000</b>	943,667,000	12.4%
Net property income	<b>762,573,000</b>	686,742,000	11.0%
Net profit/(loss) after tax before transactions with Unitholders	<b>87,549,000</b>	(521,079,000)	116.8%
Interim distribution	<b>261,462,000</b>	342,943,000	(23.8)%
Earnings/(loss) per unit	<b>0.0198</b>	(0.1191)	116.6%
Distribution per unit	<b>0.0541</b>	0.0734	(26.3)%
Equivalent to HK\$	<b>0.0590</b>	0.0853	(30.8)%

	As at		Change Increase/ (Decrease)
	30 June 2023	31 December 2022	
Property portfolio valuation	<b>42,434,000,000</b>	42,359,000,000	0.2%
Net assets attributable to Unitholders	<b>15,663,576,000</b>	16,104,395,000	(2.7)%
Net assets attributable to Unitholders per unit	<b>3.24</b>	3.37	(3.7)%

## CHAIRMAN'S STATEMENT

### DEAR UNITHOLDERS OF YUEXIU REIT,

ON BEHALF OF THE MANAGEMENT TEAM OF YUEXIU REIT ASSET MANAGEMENT LIMITED ("MANAGER"), THE MANAGER OF YUEXIU REAL ESTATE INVESTMENT TRUST ("YUEXIU REIT"), I AM VERY PLEASED TO PRESENT TO YOU THE INTERIM REPORT OF YUEXIU REIT FOR THE FIRST HALF OF 2023.



**LIN DELIANG**

*Chairman*

### RESULTS AND DISTRIBUTION

In the first half of 2023, the domestic economy slowly recovered from the pandemic. Through formulating more appropriate and targeted leasing policies, together with the portfolio of premium properties and the outstanding efforts put in by all members of the management team, all operating indicators of Yuexiu REIT were still within a reasonable range.

## CHAIRMAN'S STATEMENT

As at 30 June 2023, the ten properties currently owned by Yuexiu REIT comprised White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain carpark spaces ("Fortune Plaza"), City Development Plaza Units and certain carpark spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), Yuexiu Financial Tower ("Yuexiu Financial Tower") located in Guangzhou, Yue Xiu Tower ("Yue Xiu Tower") located in Shanghai, Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties") located in Wuhan, Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory") located in Hangzhou, and 17th and 23rd Floors of Yue Xiu Building Units ("17th and 23rd Floors of Hong Kong Yue Xiu Building") located in Hong Kong, with a total rentable area of 803,984.1 sq.m..

As at 30 June 2023, the occupancy rate of properties under Yuexiu REIT remained generally stable, with an overall occupancy rate of 84.0%. During the period from 1 January 2023 to 30 June 2023 ("2023 Interim Period"), Yuexiu REIT recorded a total operating revenue of approximately RMB1,061 million. The operation results of each of its properties fluctuated slightly, but remained within a reasonable range.

During the 2023 Interim Period, Yuexiu REIT recorded a total distributable income of approximately RMB261 million (total distributable income for the corresponding period of the previous year: RMB343 million). The policy of the Manager is to distribute 100% of the distributable income during the Reporting Year to the Unitholders. Each Unitholder will receive a distribution amount of approximately HK\$0.0590 per Unit (the distribution amount for the corresponding period of the previous year: HK\$0.0853). Based on the closing price of HK\$1.67 on 30 June 2023, the yield was approximately 3.54%, the distribution yield was 7.07% per annum.

## MACRO ECONOMY

In the first half of the year, the international political and economic situations were intricate and complex, global economy recovered weakly, and the global inflation level remained high. Despite the complex and challenging external environment, China's economy and society have fully returned to normal, with its economic growth significantly faster than those of the major developed economies, demonstrating the strong resilience of China's economic development. According to the preliminary calculations, GDP for the first half of this year was RMB59,303.4 billion, representing an increase of 5.5% year-on-year.

In the first half of the year, with the joint effect of the support from policies in stabilizing growth, the release of cultural, tourism and business demands, and the growth of new driving forces, Guangzhou's economy recovered steadily, its economic vitality enhanced significantly and its economy improved month by month. The city GDP for the first half of this year was RMB1,413.069 billion, representing an increase of 4.7% year-on-year. The service industry recovered at a faster pace, with continuous positive growth in the leasing and business services industries, recording an increase of 9.9%, of which the travel and exhibition industries gained strong recovery momentum, increasing by 1.2 times and 1.5 times respectively.

In the first half of the year, Shanghai recorded positive economic recovery and the city GDP was RMB2,139.017 billion, representing an increase of 9.7% year-on-year. From the perspective of industry, the secondary industry grew rapidly with an increase of 15.1% year-on-year, led by the growth of strategic emerging industries. The industrial structure continued its iteration and upgrading towards high-end advanced manufacturing and modern service industries, with steady progress in high-quality development.

## CHAIRMAN'S STATEMENT

In the first half of the year, economic development of Wuhan was generally stable under pressure, with a trend of positive recovery. The city GDP was RMB950.333 billion, representing an increase of 5.0% year-on-year. Industrial production continued to recover, with rapid growth in the products that have new driving forces, achieving a double-digit growth in 11 industrial divisions for the first half of the year. The consumer market continued to release vitality, as reflected by a year-on-year increase of 9.0% in total retail sales of consumer goods.

In the first half of the year, Hangzhou's economy moved forward under pressure and, with continuous release of the effects of policies, achieved a rapid recovery growth on the low base of last year. In the first half of the year, the city GDP was RMB960.2 billion, representing an increase of 6.9% year-on-year. The service industry has become a significant driving force for Hangzhou's economic development. The added value of the service industry in Hangzhou increased by 9.3% year-on-year in the first half of the year, 2.9 percentage points above the national level. In particular, driven by the high-level reshaping of "national first digital economy city", the added value of the for-profit service industry, with information transmission, software and information technology service industry as the main body, increased by 10.5%.

### MARKET REVIEW

With a number of projects in the Pazhou business district launched on the market intensively, the Grade A office market in Guangzhou saw a new supply of 398,000 sq.m. in the first half of the year, a new high for the same periods in the past five years. As a result, the city-wide vacancy rate continued to rise to 18.0%. In particular, the vacancy rate reached 15.0% in Zhujiang New Town and 10.5% in Sports Center. Professional services and trade and retail sectors were the main forces in leasing transactions in the first half of the year, but net absorption merely increased by 81,000 sq.m. in the first half of the year due to the cautious decision-making by tenants. The city-wide average rent continuously declined to RMB161.0 per sq.m. per month, and the cost-effective office spaces were more popular in the market. Some landlords in Zhujiang New Town adopted aggressive leasing strategies to boosted transactions with lower prices, resulting in a continuous decrease in rent to RMB176.8 per sq.m. per month.

With the pace of life and work returned to normal, the office market in Shanghai recovered gradually. In the first half of the year, it saw a new supply of approximately 600,000 sq.m., and the recovery in the first quarter was stronger than expected, recording a net absorption of 137,000 sq.m.. However, with concentrated satisfaction of stock demand, insufficient persistence of emerging demand, and the dramatic increase in short-term supply pressure caused by the launches of various projects on the market, the net absorption in the second quarter was only 31,000 sq.m., and the overall vacancy rate climbed to 18.59%. In particular, the vacancy rate and rental level in Zhuyuan area were 11.5% and RMB7.93 per sq.m. per day, respectively.

In the first half of this year, Wuhan saw a new supply of 43,000 sq.m. of Grade A office space, pushing up the total market stock to 2,951,000 sq.m.. The slowdown in supply presented the market with opportunities to digest stocks. Driven by the demand of customers in professional service, industrial manufacturing and finance sectors, a net absorption of 82,000 sq.m. was recorded in the first half of the year. However, the overall vacancy rate at the end of the second quarter reached 35.7%, remaining at a high level. The market rent was under significant pressure and continued to decrease to RMB92.9 per sq.m. per month.

## CHAIRMAN'S STATEMENT

As for the Grade A office market in Hangzhou, a building in Qianjiang New Town was launched on the market in the first half of the year, bringing a new supply of approximately 85,000 sq.m. to the market. Demand for office buildings in Hangzhou was relatively weak, with transactions mainly relating to relocation and replacement, and the overall vacancy rate declined slightly to 14.1%. Affected by the low-price strategy, the market rent was in a downward trend. As at the end of the second quarter, the net effective rent was RMB3.61 per sq.m. per day, representing a decrease of 10.8% year-on-year.

In the first half of the year, domestic apparel consumption has recovered, but the growth momentum has slowed down. Since May, the nation-wide social retail sales, categories including apparel, footwear and hat, knitwear and textile products, and retail sales online and in physical stores all recorded different degrees of decline in year-on-year growth, and the profit of apparel enterprises above designated size decreased by 8.2% year-on-year, reflecting multiple uncertainties in the development of the industry. Due to the impact of geopolitics and the "de-sinicization" of supply chains in Europe, the United States, Japan and South Korea, apparel exports faced severe challenges, with exports of apparel and accessories decreasing by 12.2% year-on-year in May. For the specialized market, the prosperity index fell continuously in May and June, of which the specialized market manager prosperity index and business prosperity index both dropped below 50%. After a short-term sales peak in the first quarter, the three major local apparel business areas in Guangzhou experienced a slump in customer flow and transaction volume in the market, resulting in an earlier off-season.

In the first half of the year, only one shopping mall newly debuted in Guangzhou in the second quarter, pushing up the total market stock of retail properties to 7.166 million sq.m.. In the second quarter, particularly during the May Day holiday, various business areas in Guangzhou saw a surge in customer flow, which drove the release of consumer enthusiasm. With the strong recovery of the catering industry and the restored willingness of brand customers to expand their store areas, the occupancy rates of shopping malls in various business areas increased, leading to a decrease in the overall vacancy rate of the city to 14.3%. Despite the gradual recovery of the consumer market, brand customers still paid attention to cost control and had lower rental affordability, resulting in a slightly drop in the city average rent to RMB638.4 per sq.m. per month.

In the first half of this year, Yuexiu IFC Shopping Mall debuted in Wuhan, contributing a high-quality new supply of approximately 70,000 sq.m. to the retail market in the core business district of Wuhan. The net absorption in the core business areas recorded satisfactory performance in the second quarter, thanks to the debuts of high-quality new projects. The five core business areas recorded a net absorption of approximately 60,000 sq.m., representing an increase of approximately 65% quarter-on-quarter. For the rental, the concentrated debuts of high-quality new projects, coupled with the impact of the expected weakening of external economic environment, has led to fierce competition for merchants in the market, forcing the landlords to reduce rents continuously.

According to data from the National Bureau of Statistics, the added value of the accommodation and catering industry in the first half of 2023 exceeded the level of the same period in 2019. The Spring Festival in February and the Canton Fair in April have brought two waves of surging demand in the market, laying a foundation for the gratifying results of the hotel market in Guangzhou for the first half of the year. The lifting of pandemic-related travel restrictions and the reopening of borders contributed to the growth of cross-border travel and business activities. Correspondingly, the rental demand of overseas business travelers for serviced apartments in Guangzhou has rebounded. However, this has not offset the impact of weaker demand from domestic tenants, as certain domestic tenants preferred to relocate to smaller apartments.

## CHAIRMAN'S STATEMENT

### BUSINESS OPERATING STRATEGIES

In response to changes in the urban momentum, the market, industrial structure, as well as the future development trends in the post-pandemic era, the Manager strengthened its active management and formulated pragmatic and targeted leasing strategies to respond to and mitigate interim business operating risks, and stabilize the overall operation situation with remarkable equanimity.

In terms of **office buildings**, the Manager integrated resources to intensify its efforts in business solicitation, and balanced the rent and the occupancy rate. By adopting flexible leasing conditions, combined with the advantages of capital renovation, the Manager achieved rapid de-stocking through business solicitation. The Manager also deployed lease renewal arrangements in advance, so as to allow more time for business solicitation in advance and enhance the buffer capacity in case of non-renewals. In addition, the Manager proactively optimized the customer structure and continuously improved the influence of projects. Integrating the resources of tenants' rights, with high-quality building spaces as its carrier and the idea of "people-oriented and customer-centric" as its core, the Manager deeply cultivate the four dimensions of "product + service + community + resource", in order to create greater, higher and better value for its customers and provide flexible and diversified business and office experience for enterprises.

In terms of **retail shopping malls**, the Manager carried out operations with sales management as the core, proactively planned SP activities and assistance plans for shopping malls, and utilised office buildings and resources in different industries to provide support in omni-channel publicity and promotion, thereby helping customer improve their performance and stabilizing in-market operations. The Manager effectively implemented standardized management to improve operational efficiency; continued to deepen the working mechanism for auditing the sales of tenants to ensure the authenticity of their sales data; paid attention to the timeliness of collection and risks and avoided liquidated damages. The Manager also strengthened the integration of resources for business solicitation and empowerment, established strategic brand alliances, and carried out marketing activities through organizing activities, thereby promoting increase in both customer flow and sales.

In terms of **specialized market**, the Manager continued to consolidate the foundation of original work and, in accordance with the "product competitiveness + operational capability" upgrade plan, strengthened operation guidance to help brand customers improve their operations, and innovated leasing management to stimulate the potential of customers. The Manager also innovated the systematic operation model and strengthened operation monitoring. In addition, the Manager took the opportunity of "autumn and winter new product launching + major festival activities" to integrate government and industry resources, enhance influence and expand channels through online and offline efforts, with a view to continuously attracting professional buyers, consolidating the new position of "China Brand Apparel International Trading Centre" and expanding the coverage of international promotion.

In terms of **the hotels**, the Manager actively seized the opportunities in the business travel market. In particular, for hotel room service, the Manager actively arranged for marketing and promotion on international travel platforms as aiming at the international market, and focused on seasonal marketing activities, scenario-based packages and regional promotions as aiming at the domestic market. The Manager also balanced between consolidating the core sales channels and operating new media publicity channels, and improved the product novelty and market response through the integration of online and offline events. For hotel catering service, the Manager innovated traditional cuisine to introduced new and improved cuisine and further gained popularity among more young consumer groups, thereby reshaping the core customer base and product pricing.

## CHAIRMAN'S STATEMENT

In terms of **the serviced apartments**, relying on the stabilizing effect of long-term rental business, we have been able to maintain a sound structure of long-term and short-term tenants for the purpose of ensuring the orderly performance improvement. In the long-term rental market, the Manager deeply explored business opportunities in the upstream and downstream industry chain of core target customer groups and launched customized service packages to further improve customer loyalty and resist the impact of cyclical fluctuations in the external market on the long-term rental occupancy rate of this project. In the short-term rental market, the Manager further diversified "Room+" products and continued to expand cooperation with emerging social channels on the basis of improving the self-traffic on our official website and major online channels, so as to effectively improve the overall operation.

## INVESTMENT AND FINANCIAL STRATEGIES

In the first half of 2023, the Manager implemented proactive and prudent investment strategies, continued to search for high-quality business projects and supporting resources in the core areas of tier-1 cities and major tier-2 cities in China. The Manager is of the opinion that continuous improvement in the quality of the portfolio and the scale of assets will inject new growth momentum into Yuexiu REIT, which in turn will bring continuous and steady returns to Unitholders.

Yuexiu REIT implemented stable and prudent financial policies, as at 30 June 2023 the ratio of total borrowings to total assets of the Yuexiu REIT was maintained at the level of 48.2%. If excluding the new bank loans of RMB1.5 billion for early repayment of bank loans due in August, the ratio was approximately 46.5%, which was below the upper limit of 50% as stipulated in the REIT Code. The Manager paid close attention to the changes in interest rates and exchange rates, proactively expanded capital channels, made reasonable planning for overseas loans as they fall due in future and sought to obtain an appropriate average rate of financing cost.

In response to the impact of exchange rate fluctuations on the operating results of Yuexiu REIT, the Manager has continued to strengthen research and conduct thorough analysis on the exchange rate and hedging instruments, as well as on the hedging schemes, and timely introduced exchange rate hedging instruments. The foreign exchange risk exposure was approximately 56% at the end of June 2023. The Manager has continuously paid close attention to the trend in foreign exchange market while seeking effective control over exchange rate risk at a reasonable cost.

The Manager continued its work in maintaining a stable credit rating of the Yuexiu REIT. Based on the confidence in Yuexiu REIT's relatively strong operating capability and stable cash flow expectation, the rating agency granted Yuexiu REIT an investment-grade rating with a stable outlook.

## ASSET ENHANCEMENT STRATEGIES

The Manager continues to implement strategic asset enhancement plans and explore opportunities for asset appreciation by reviewing the property portfolio of the Yuexiu REIT on a regular basis, thereby maintaining a competitive advantage in the market and increasing returns of the projects. Meanwhile, the Manager has targeted at the contact points of customers to carry out asset optimisation to improve customer satisfaction and experience, achieving continuous enhancement in rental value of the properties of Yuexiu REIT.

## CHAIRMAN'S STATEMENT

### PROSPECTS

Looking ahead, global economic growth will be driven by emerging technologies and new industries, while economic trends and prospects will be diversified and divergent. As the impact of the pandemic subsides, China's economy will gradually enter a period of recovery growth and, as the economic development gradually returns to the normal track, gradually shift from recovery to expansion in the future.

In terms of urban industrial planning, Guangzhou proposed to build six new key industries of intelligent manufacturing, covering digital economy, intelligent networking, new energy vehicles, green industries, biomedicine and modern high-end equipment. For the commercial property market, as we monitored the development and pursued the hotspots of the industry, we noted that industrial customers may be the key to a breakthrough. It is expected that 434,000 sq.m. of future supply will be put into service in Grade A office market in Guangzhou this year, and the peak supply is expected to intensify market competition. While the macro economy maintained a modest recovery, it will take time for market confidence to restore and recover. Coupled with the impact of a large number of new supplies concentratedly launched on the market, the current situation of tenant-led market may continue in the short term.

In terms of retail business, there will be approximately 581,000 sq.m. of high-quality retail properties launched to the market in the second half of the year, and such new projects are mainly located in sub-core business districts, accounting for approximately 89% of the total new supply in the city. Although the customer flow in commercial properties has returned to the pre-pandemic level, and the release of depressed consumption demand has led to higher customer flow during holidays, it is expected that a long time will be needed for the recovery of customer flow to boost consumer confidence in the retail business market. The competition for quality customers among commercial projects will remain fierce.

In terms of specialized market, currently, the overall development of China's apparel industry is stable and slowing down, and it is urgent to accelerate the transformation and upgrading of the industrial structure. Amid great uncertainty in external demand, further expansion of domestic consumption has become the key to the industry development, and we should seize the "Internet+" transformation opportunity to create a new ecosystem of online/offline digital services, and facilitate the digital transformation of transactions in the specialized market by providing "one-stop payment solutions + professional training for service staff" and empowering merchants' operations through big data intelligent analysis.

In terms of hotels and serviced apartments, the revitalization of the hotel industry thanks to the recovery of consumption and economic growth in the first half of the year, as well as the summer bookings from various channels, indicated moderate growth in the industry as a whole in 2023. Since the beginning of this year, Guangzhou has become one of the popular cities attracting migrants from other parts of the country, and has attracted more and more domestic tourists, which will be conducive to the recovery of the catering and hotel industry and support the stable development of the apartment market throughout the year. While the industry is in a steady recovery, household income is growing slower, corporate profits are declining, and there is limited room for improvement in the consumption power of residents, due to the impact of the economic slowdown. Coupled with the imbalance between supply and demand in the hotel industry, the competition of the hotel market will continue in the second half of the year. The shortage of human resources caused by the recovery, rising labor costs and the rapid development of artificial intelligence technology have together brought more

## CHAIRMAN'S STATEMENT

flexible employment model for the industry. Therefore, the timely adjustment of the operating model is the key to further improving the performance in the second half of the year. Under the fierce competition, hotels are required to operate in a more refined way, the market is further segmented, and the hotel industry will see faster innovation from products to operations. In general, the year 2023 started with a high point and steady growth, and the industry should return to the essence of service and deepen refined operations in the future.

It is expected that in the second half of 2023, the office market in Shanghai will usher in a peak supply with approximately 73% of the new supply concentrated in the sub-central sectors (Qiantan, Zhenru and Xuhui riverside sub-markets), resulting in more intensified competition in the leasing market. Rents will remain under pressure during this period until a modest recovery starting from the end of 2024.

In 2023, the Grade A office market in Wuhan is expected to see the intensive delivery of approximately 294,000 sq.m. of high-quality office space, including China Resources Land Building, Tower 1, which is expected to lead to a rise in the market vacancy rate in the short term, and the overall market rent may continue to decline under pressure. In the second half of the year, the retail market in Wuhan is expected to see a high-quality new supply of approximately 645,000 sq.m., including SKP, and the overall market competition will become more intense.

It is expected that a high-quality supply of 1.28 million sq.m. in total will be launched to the Hangzhou market in the next three years, more than half of which is located in Qianjiang Century City. Taking into account the improvement in operating indicators and the favorable factors related to the Asian Games in the second half of the year, the market vitality and potential will be gradually stimulated, and we expect rents to recover steadily and slowly in the next three years.

We are cautiously optimistic that with the combination of its premium portfolio of properties coupled with its professional management team, Yuexiu REIT will actively seize potential investment opportunities and expand financing opportunities in the capital markets to effectively reduce the financing costs, aiming at continuously generating stable returns for the Unitholders through the implementation of proactive and prudent leasing strategies coordinating with effective asset appreciation measures.

## APPRECIATION

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

**LIN DELIANG**

*Chairman*

Hong Kong, 15 August 2023

## YUEXIU REIT PROFILE

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

Yuexiu REIT is a Hong Kong real estate investment trust that was 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, Third Supplemental Trust Deed dated 25 July 2012, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Trust Deed dated 28 May 2021 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, one commercial property located in Shanghai, one commercial property located in Wuhan, one commercial property located in Hangzhou and two floors of commercial building located in Hong Kong. Yuexiu REIT is the first listed real estate investment trust in the world which invests in real property in mainland of the People’s Republic of China (“PRC”).

## DISTRIBUTION

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. The Manager has intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item (as defined in the Offering Circular issued to Unitholders dated 30 June 2012) for the financial year ending 2023.

The Manager also has the discretion under the Trust Deed, where there are surplus funds, to distribute additional amounts. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having regard to factors including but not limited to Yuexiu REIT's funding requirements, its earnings and financial position, its growth strategies, operating and capital requirements, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practices.

In light of the above, the Manager has determined that an interim distribution to Unitholders for the Interim Period will be approximately RMB0.0541 which is equivalent to Hong Kong Dollars ("HK\$") 0.0590 (June 2022: approximately RMB0.0734 which was equivalent to HK\$0.0853) per unit. Such interim distribution per unit, however, is subject to adjustment once new units are issued to the Manager (in satisfaction of the Manager's fee) prior to the record date for the 2023 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2023.

The total 2023 interim distribution amounted to approximately RMB261,462,000 which is equivalent to HK\$285,400,000 (June 2022: approximately RMB342,943,000 which was equivalent to HK\$398,712,000), includes an amount of approximately RMB83,432,000 (June 2022: RMB108,604,000), that is capital in nature. The total distribution amount for the Interim Period comprises the distributable amount calculated pursuant to the formula set out in the Trust Deed plus a further distribution of approximately RMB124,742,000 having regard to the abovementioned discretion of the Manager under the Trust Deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement of this announcement.

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

### DISTRIBUTION PER UNIT

Distribution to Unitholders for the Interim Period is HK\$0.0590 per unit (June 2022: HK\$0.0853), representing a yield of approximately 3.54% (June 2022: 2.79%) based on the closing price of HK\$1.67 per unit as at 30 June 2023 (30 June 2022: HK\$3.06). This represents an annualized distribution yield of 7.07%.

### CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 14 September 2023. The register of Unitholders will be closed from 14 September 2023 to 15 September 2023, 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, at 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 13 September 2023. The 2023 interim distribution will be paid on 26 October 2023 to the Unitholders whose names appear on the register of Unitholders on 14 September 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### TACKLING CHALLENGES WITH INNOVATION AND CHANGES, BEST ENDEAVOURS TO REALISE LONG-TERM VALUE OF BUSINESS

While the economy has been recovering slowly in the post-pandemic era, the pace of recovery varies across industries. By focusing on leisure consumption, the hotels and apartments' overall operations have returned to the pre-pandemic levels; customer flow in the retail shopping malls has recovered and grown steadily; the operating performance of specialised market has stopped declining and steadily recovered; and the leasing in office buildings remained stable in the declining market environment. Facing a market environment full of challenges and opportunities, the Manager is adhering to the implementation of long-term strategies, adoption of new thinking, setting up an office ecological platform and leisure consumption scenario in malls, hotel and serviced apartment, and improvement in the contents, products and influence of the assets, gearing up all efforts to deliver satisfactory results for unitholders.

### PROPERTY PORTFOLIO

As of 30 June 2023, Yuexiu REIT's portfolio of properties consisted of ten properties, namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain Carpark Spaces ("Fortune Plaza"), City Development Plaza Units and certain Carpark Spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), Yuexiu Financial Tower ("Yuexiu Financial Tower"), located in Guangzhou; Yue Xiu Tower ("Shanghai Yue Xiu Tower"), located in Shanghai; Wuhan Yuexiu Fortune Center, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan; Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory"), located in Hangzhou; and 17th and 23rd Floors of Yue Xiu Building Units ("17th and 23rd Floors of Hong Kong Yue Xiu Building"), located in Hong Kong. The aggregate area of ownership of the properties was approximately 1,184,156.5 sq.m. and the total rentable area was 803,984.1 sq.m. (excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space of City Development Plaza; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Shanghai Yue Xiu Tower; 62,785.7 sq.m. of parking space and 12,415.1 sq.m. of common facilities area of Wuhan Properties; 17,663.6 sq.m. of parking space of Hangzhou Victory; 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPERTY VALUATION

On 30 June 2023, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited (“Colliers”), an independent professional valuer, and the revalued market value was approximately RMB42.434 billion.

The following table summarizes the valuation of each of the properties as at 30 June 2023 and 31 December 2022:

Name of Property	Valuation as at 30 June 2023 RMB million	Valuation as at 31 December 2022 RMB million	(Decrease)/ Increase percentage
White Horse Building	4,813	4,861	(1.0)%
Fortune Plaza	1,252	1,252	—%
City Development Plaza	1,033	1,044	(1.1)%
Victory Plaza	955	955	—%
GZIFC	18,851	18,720	0.7%
Shanghai Yue Xiu Tower	3,031	3,031	—%
Wuhan Properties	3,528	3,598	(1.9)%
Hangzhou Victory	624	625	(0.2)%
Yuexiu Financial Tower	8,230	8,158	0.9%
17th and 23rd Floors of Hong Kong Yue Xiu Building	117	115	1.7%
<b>Total</b>	<b>42,434</b>	<b>42,359</b>	<b>0.2%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

Particulars of the properties are as follows:

Name of Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate <sup>(1)</sup>	Number of Lease <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/sq.m./month)
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	90.5%	816	336.8
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 <sup>(2)</sup>	93.6%	87	150.1
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 <sup>(3)</sup>	82.9%	68	139.4
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	93.5%	28	211.2
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	86.3%	257	223.5
Including:	Grade A office			267,804.4	183,539.6 <sup>(4)</sup>	83.3%	198	239.3
	Retail shopping mall			46,989.2	46,727.3	98.1%	59	170.8
	Hotel			91,460.9 <sup>(5)</sup>	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3 <sup>(4)</sup>	86.2%	115	232.0
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	67.2%	229	76.2
Including:	Grade A office		2016	139,937.1	129,446.7 <sup>(7)</sup>	61.6%	148	87.0
	Retail shopping mall		2015	45,471.4	43,546.6 <sup>(8)</sup>	86.0%	81	50.9
	Commercial parking spaces		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking spaces		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory	Grade A office	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8 <sup>(9)</sup>	99.2%	33	124.1
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8 <sup>(10)</sup>	89.1%	229	201.9
17th and 23rd Floors of Hong Kong Yue Xiu Building	Grade A office	Wanchai, Hong Kong	1985	872.2	872.2	100.0%	4	314.5
<b>Total</b>				<b>1,184,156.5</b>	<b>803,984.1</b>	<b>84.0%</b>	<b>1,866</b>	<b>188.8</b>

Notes:

- (1) As at 30 June 2023;
- (2) Excluding 1,408.3 sq.m. of carpark spaces area;
- (3) Excluding 2,104.3 sq.m. of carpark spaces area;
- (4) Excluding 76,512.3 sq.m. of carpark spaces and 7,752.5 sq.m. of other ancillary facilities area;
- (5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor;
- (6) Excluding 13,502.6 sq.m. of carpark spaces and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);
- (7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor;
- (8) Excluding 1,924.8 sq.m. of common facilities area;
- (9) Excluding 17,663.6 sq.m. of carpark spaces area; and
- (10) Excluding 10,289.1 sq.m. of carpark spaces area and 29,797.1 sq.m. of common facilities area.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OCCUPANCY RATE REMAINED STABLE

As at 30 June 2023, the overall occupancy rate of the properties was approximately 84.0%.

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

Name of Property	Occupancy rate as at 30 June 2023	Occupancy rate as at 30 June 2022	Percentage increase/(decrease) as compared to 30 June 2022
White Horse Building	90.5%	86.6%	3.9%
Fortune Plaza	93.6%	96.4%	(2.8)%
City Development Plaza	82.9%	91.1%	(8.2)%
Victory Plaza	93.5%	94.1%	(0.6)%
GZIFC Office	83.3%	90.2%	(6.9)%
GZIFC Shopping Mall	98.1%	95.8%	2.3%
Shanghai Yue Xiu Tower	86.2%	88.7%	(2.5)%
Wuhan Properties Office	61.6%	70.0%	(8.4)%
Wuhan Properties Shopping Mall	86.0%	92.1%	(6.1)%
Hangzhou Victory	99.2%	93.3%	5.9%
Yuexiu Financial Tower	89.1%	95.5%	(6.4)%
<b>Sub-total</b>	<b>84.0%</b>	<b>88.8%</b>	<b>(4.8)%</b>
17th and 23rd Floors of Hong Kong Yue Xiu Building	100.0%	N/A	N/A
<b>Total</b>	<b>84.0%</b>	<b>88.8%</b>	<b>(4.8)%</b>

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average Occupancy rate <sup>(1)</sup>	Average room rate <sup>(1)</sup> (RMB)
Four Seasons Hotel Guangzhou <sup>(2)</sup>	Five-star hotel	August 2012	91,460.9	344	79.5%	2,202
Ascott Serviced Apartments <sup>(2)</sup>	High-end serviced apartments	September 2012	51,102.3	314	90.3%	1,101

Notes:

(1) From 1 January 2023 to 30 June 2023;

(2) Both hotel and serviced apartments are entrusted operators.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INCREASE IN REVENUE

During the Interim Period, the properties of Yuexiu REIT recorded total revenue of approximately RMB1,060,864,000, representing an increase of 12.4% as compared to the corresponding period of 2022. White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Shanghai Yue Xiu Tower, Wuhan Properties, Hangzhou Victory, Yuexiu Financial Tower and 17th and 23rd Floors of Hong Kong Yue Xiu Building accounted for approximately 10.2%, 4.0%, 3.7%, 3.9%, 47.4%, 5.0%, 5.1%, 1.6%, 18.9% and 0.2% of the total revenue, respectively.

The following table sets out a comparison of revenue in respect of the properties between the Interim Period and the corresponding period of 2022:

Name of Property	Revenue for the Interim Period of 2023 RMB million	Revenue for the Interim Period of 2022 RMB million	Increase/ (Decrease) Compared to the Interim Period of 2022 RMB million	Increase/ (Decrease) in Revenue from the Property percentage
White Horse Building	107.7	63.3	44.4	70.1%
Fortune Plaza	42.2	34.7	7.5	21.6%
City Development Plaza	39.7	33.3	6.4	19.2%
Victory Plaza	41.8	32.5	9.3	28.6%
GZIFC				
Office	214.6	235.9	(21.3)	(9.0)%
Retail shopping mall	33.0	31.4	1.6	5.1%
Hotel	198.3	116.8	81.5	69.8%
Serviced apartment	57.9	48.9	9.0	18.4%
Shanghai Yue Xiu Tower	52.9	51.9	1.0	1.9%
Wuhan Properties	54.4	68.1	(13.7)	(20.1)%
Hangzhou Victory	16.6	16.9	(0.3)	(1.8)%
Yuexiu Financial Tower	200.2	210.0	(9.8)	(4.7)%
Sub-total	1,059.3	943.7	115.6	12.2%
17th and 23rd Floors of Hong Kong Yue Xiu Building <sup>(1)</sup>	1.6	N/A	1.6	N/A
Total	1,060.9	943.7	117.2	12.4%

Note:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### **GZIFC – OFFICE: TAPPING INTO THE POTENTIAL NEEDS OF EXISTING TENANTS AND ATTRACTING POTENTIAL WELL-KNOWN ENTERPRISES; SHOPPING MALL: ENRICHING BUSINESS FORMATS, ATTRACTING CUSTOMER FLOW AND ORGANISING PROMOTIONAL ACTIVITIES**

GZIFC is committed to building a medium-to-long-term stable tenancy structure and to elevate the proportion of high-quality tenants by 2.9%. In the first half of the year, it focused on tapping into the demand of existing high-quality tenants for expansion of lease area, successfully concluded the expansion of existing lease areas of renowned enterprises including GLP (普洛斯), Hyundai Insurance (現代財險) and LHP Law Firm (羅歡平律所). Meanwhile, by utilising various resources, top-notch professional services and financial companies, including industry leaders such as BOCOM Schroders (交銀施羅德) and Guan Ling Law Firm (冠領律所), were successfully brought in at rental that were basically in line with market levels. Given intense competition for customers, GZIFC proactively retained high-quality tenants in renewing their leases, and the renewal rate of key tenants reached 100% in the first half of the year. Well-known tenants such as Société Générale, Bank of Taiwan and Mango TV renewed their leases with an average renewal period of 4 years and an increase of 2.7% in the renewal rent.

GZIFC Shopping Mall introduced complementary business formats in a targeted manner. In the first half of the year, the successful introduction of Taishen (泰神), the first Southeast Asian cuisine brand of Chang Lai Catering Group, and Gyen Hutong (橘焱胡同), a high-quality barbecue chain brand, helped raise the per customer transaction of catering tenants and laid the foundation for introducing restaurants listed in the Michelin Guide and the Black Pearl Restaurant Guide. In addition, the shopping mall introduced its first cha chaan teng (Hong Kong style restaurant), Tang-dao (湯稻), and its first Korean restaurant featuring rice mixed with soup, FUSION (泡鮮森), leading to an optimised catering mix on the B1 floor of the shopping mall to better meet the needs of CBD white-collar workers for convenient quality meals. A normalised integrated coordination mechanism for the shopping complex has been substantially established to integrate resources of various business formats to attract customer flow in a targeted manner. With precise investment in promotional activities to facilitate business operations, the shopping mall recorded a year-on-year increase of 24% in customer flow and a year-on-year increase of 13% in sales in the first half of the year.

Four Seasons Hotel capitalised on the demands in the leisure tourism market during the Spring Festival holiday and the Labour Day holiday, as well as the opportunities brought about by the resumption of large-scale exhibitions, actively opened up sources targeting foreign customers, and launched upgraded versions of customised product portfolios, thereby driving the average room rate to exceed the level of the corresponding period in 2019 and becoming a key driver for the increase in the overall revenue of the hotel. In the first half of 2023, the average occupancy rate of the Four Seasons Hotel was 79.5%, representing a year-on-year increase of 26.9 percentage points. The average room rate was RMB2,202, representing a year-on-year increase of 41.3%. The RevPAR was RMB1,752, representing a year-on-year increase of 113.9%. The RevPAR competitive index of the hotel was 117.3, representing a year-on-year increase of 13.6%. The hotel continues to provide high standard services to customers as always, and has been awarded the “Forbes Travel Guide Five-star Hotel” by Forbes Travel Guide in nine consecutive years.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, Ascott Serviced Apartments was affected by the combined impacts of peak check-out period and the recovery of overseas study and travel. Despite the efforts to maintain a 52% renewal rate for the long-term rental business, the long-term rental occupancy rate fell by 3.2 percentage points year-on-year. Benefiting from the release of repressed travel demand, the short-term rental market saw growth in both occupancy rate and rental prices. Revenue from the short-term rental business increased by 153.0% year-on-year, which effectively boosted the overall operating performance of apartments. In the first half of 2023, the average occupancy rate of serviced apartments reached 90.3%, representing a year-on-year increase of 6.1 percentage points. The average room rate was RMB1,101, representing a year-on-year increase of 10.7%. The RevPAR was RMB994, representing a year-on-year increase of 18.6%. The RevPAR competitive index remained at a high level of 152.6. The serviced apartment still maintains its leading position in the market, ranking first both in operating revenue and GOP in Ascott China for eight consecutive years since 2016.

### **YUEXIU FINANCIAL TOWER - SECURING HIGH-QUALITY TENANTS AND EXPEDITING BUSINESS SOLICITATION**

In the first half of the year, Yuexiu Financial Tower completed the lease renewal of approximately 20,000 sq.m., the overall lease renewal rate reached 86.1%, among which the renewal rate of key tenants reached 94%, and the renewal rent increased by 6%, leading to a more stable lease structure and growth in rental income. In terms of tenant structure optimisation, it implemented "one distinctive policy for each key customer" to firmly retain a reserve of high-quality customers, thereby improving the trend of tenant structure optimisation. In the first half of the year, certain top 100 central enterprises and industry leaders such as Huajin Securities, China UnionPay Data and SDIC Taikang were successfully introduced, and an agreement has been signed with Yinghe Law Firm (瀛和律所), a large-scale brand, for leasing an entire floor commencing in the second half of the year, thereby further stabilising the premium tenant base. Customised renovation services were provided to cater for the needs of prospective tenants, and the renovated units recorded a high sell-through rate of 92%, which greatly enhanced product competitiveness, promoted the conversion rate of business solicitation and improved customer satisfaction.

### **WHITE HORSE BUILDING – ADOPTING VARIOUS MEASURES SIMULTANEOUSLY TO FACILITATE BUSINESS SOLICITATION, INNOVATING BUSINESS MODELS TO STRENGTHEN OPERATION**

Earlier this year, White Horse Building management, in a timely manner, introduced highly targeted leasing policies which managed to swiftly stabilise its operation. At the same time, it capitalised on the market recovery to expedite business solicitation and conversion, and introduced targeted customer group from the key benchmarking market to White Horse. In the first half of 2023, the accumulated newly contracted area was 9,183 sq.m., compared with the end of last year the occupancy rate of White Horse Building increased by 9.2 percentage points, returning to a level above 90%. Thinking from the perspective of its customers, White Horse Building management continued to improve product competitiveness, actively promoted product innovation and diversification. By successfully introducing 9 original designer brands, the White Horse Original Specialised Zone has officially commenced operation, which enriched the original series of products for segmented groups. It also introduced more categories of products for sale to build a comprehensive one-stop wholesale ecosystem with men's and women's apparel as the major focus. In the first half of the year, White Horse Building innovated its marketing model, improved its operational supporting capabilities, and took the initiative to seek and utilise government resources to expand media exposure and further strengthened its industry influence.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – IMPROVING PRODUCT QUALITY AND INTRODUCING HIGH-QUALITY CUSTOMERS

Targeting the positioning of business customers, these two projects implemented product transformation to enhance their competitiveness. The current sell-through rate of renovated units reached 78.3%, which had effectively promoted business solicitation and leasing. In the first half of the year, Fortune Plaza successfully engaged its existing tenant, zhenai.com, to expand its lease area, renewed leases with tenants such as Master Meditech and Cambodia Airways, and introduced a number of enterprises including Nuoxun Human Resource (諾訊人力) and Egypt TEDA (埃及泰達), thus continuing to optimise the tenant structure. In May, City Development Plaza successfully introduced a high-quality customer, Pufanglimin (普方立民), to take up the units on the 26th floor, realising the seamless transition and connection for the terminated leasing area.

### VICTORY PLAZA – GROWTH IN BOTH CUSTOMER FLOW AND SALES, GRADUAL STABILISATION OF OPERATION

In the first half of the year, leveraging on brand marketing and the synergy of resources interaction, Victory Plaza recorded a year-on-year increase of 38% in customer flow of the mall and a year-on-year increase of 22% in sales, while its anchor customer, Uniqlo, recorded a year-on-year increase of 19% in sales from January to June. It proactively managed its operating risks by replacing high-risk customers occupying an area of approximately 350 sq.m. and seamlessly introduced two high-quality emerging brands in the first six months, resulting in an increase of 17.6% in the first-year rent of new contracts. In addition, it renewed the lease in advance with its anchor customer, Uniqlo, stabilising the operation of the project.

### SHANGHAI YUE XIU TOWER – RESPONDING TO MARKET IMPACT, STABILISING ITS CUSTOMER RESOURCES

Affected by the long tail effect of the pandemic, the Grade-A office building market in Shanghai has shown a trend of polarisation this year. Certain projects with stable tenant structure have been impacted due to their early entry into the market and their aging hardware facilities. Shanghai Yue Xiu Tower calmly coped with the adverse situation with measures such as implementing flexible leasing policies, creating customised renovated units and enhancing customer experience in the office. In the first half of the year, the newly contracted area increased by 5% year-on-year to 1,200 sq.m., while the renewed leasing area reached 3,000 sq.m., greatly contributing to its stable customer resources.

### WUHAN PROPERTIES – STRATEGY ADJUSTMENT TO IMPROVE OPERATION, BRAND OPTIMISATION TO ENSURE LEASE RENEWALS

In view of the lacklustre demand in the Wuhan market, Yuexiu Fortune Centre has adjusted its strategies for business solicitation. In terms of product optimisation, it provided new small and medium-sized units through capital renovation, so as to enrich product types to provide diverse choices to customers; in terms of new contracts, it successfully explored the demand of its existing high-quality customers (such as Guangxin Communication) for expansion of lease area, with a newly contracted area of over 10,000 sq.m. for the first half of the year; and in terms of lease renewals, it successfully completed the lease renewals for premium customers such as Prolog, AVIVA-COFCO, New China Life and Midea, with a renewed leasing area of 12,300 sq.m., successfully retaining high-quality customer resources amidst the challenging market environment.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, Starry Victoria Shopping Centre entered into new contracts with 11 brands, with a contracted area of nearly 4,000 sq.m., promoting the overall operating image and quality of Hall A. In order to help tenants stabilise their operation, it provided crucial assistance and support to tenants bearing high rent and carried out marketing activities with concessionary rate for car parking fee. It stabilised business operation of tenants, strengthened the management of lease renewals and achieved a relatively high renewal rate of 81.8% in the first half of the year, with a 24.2% increase in effective rent during the contract period. It also introduced tenants engaging in diversified operations, such as Muji, to introduce complementary and substitute categories and enrich the operating ambience of the shopping mall.

### HANGZHOU VICTORY – STRENGTHENING LEASE MANAGEMENT TO EFFECTIVELY ELEVATE THE OCCUPANCY RATE

Hangzhou Victory strengthened its lease management and proactively revitalised its expiring lease area, successfully introduced an optimal enterprise, 100 Million Mainstay Companies (一億中流), to the building and seamlessly leased two entire floors with a total area of 2,500 sq.m.. Lease renewal for the enterprise related to the China Railway Group on the seventh floor was successfully completed, with an increase of 4.9% in the effective rent of the renewed lease. The overall occupancy rate of the building increased by 5.8 percentage points year-on-year to 99.2%.

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

The Manager continued to invest in a number of asset upgrading and renovation projects. Projects completed in the first half of the year included the replacement of wires for light troughs in the public area of GZIFC's office building, the ground renovation project of logistics areas in Four Seasons Hotel, and the retrofit project of the display screen of surveillance center, the peripheral and first-floor surveillance system in Shanghai Yue Xiu Tower. In the second half of the year, the Manager will carry out the following projects: the retrofit of surveillance display screen and information release system on different floors, the renovation and upgrading of passage 35 and the upgrading and renovation projects of the seventh floor rooftop for White Horse Building; the retrofit project of certain air-conditioning system terminal in Fortune Plaza; the retrofit project of facilities and equipment of the drainage system in Victoria Plaza; the enhancement of energy conservation of air-conditioning control systems for GZIFC, partial renovation and upgrading of Four Seasons Hotel, the upgrading project of surveillance system in Ascott Serviced Apartments; the repairing of floor paint in the B1 floor parking garage and replacement of stones in the driveway of the drop-off area in Wuhan Properties; the retrofit project of the display screen in the surveillance center, the peripheral and first-floor surveillance system in Shanghai Yue Xiu Tower; the upgrading and reconstruction of the lobby in Tower B, the B1 floor parking garage, logistics and peripheral passages, elevator safety upgrading and renovation projects and light-current surveillance system in Tower B of Hangzhou Victory, and the retrofit project of vacant units of Yuexiu REIT's office projects. The expected investment for the above renovation projects amounted to more than RMB50 million, and the equipment safety and business environment of the projects are expected to improve on a continuous basis.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

In terms of liquidity management, with regard to the offshore syndicated loan of HK\$2.8 billion due in August, the syndicated loan of HK\$2.0 billion and the onshore loan of RMB85 million due in December 2023, the Manager planned ahead and completed the issuance of the first tranche of RMB1.5 billion Shanghai Free Trade Zone Bonds with a coupon rate of 4.15% in March, and withdrew RMB1.5 billion, the first tranche of the RMB4 billion cross-border direct loans in June, to partially refinance the maturing offshore loan during the year. The offshore loan due in August is total repaid on 21 July 2023.

As for the interest rate management, with interest rates soaring in offshore markets and financing costs remaining high this year, the RMB interest rate entered a downward trend to support domestic economic recovery. Taking advantage of the spread window of the RMB financing cost, the Manager replaced the existing offshore foreign currency financing with RMB loans, thereby reducing the overall financing cost and narrowing the interest rate exposure. Interest rate exposure is expected to drop to 48% upon completion of the loans replacement of RMB4 billion in August. At the end of June 2023, the average financing cost of Yuexiu REIT was 4.90%, representing an increase of 7 basis points from 4.83% at the end of last year.

With regard to foreign exchange management, RMB depreciated significantly against US dollar since last year due to the combined effects of continuous US dollar interest rate hikes and RMB entering an interest rate cut cycle. The Manager continued its focus on the market dynamics by adopting effective management strategies and foreign exchange hedging tools at reasonable cost to monitor foreign exchange exposure. In the first half of 2023, Yuexiu REIT's accumulated exchange loss was RMB125 million, the fair value gain of hedging products was RMB189 million, and the net gain for the half year was RMB64 million (corresponding period of 2022: net loss of RMB710 million). Up to now, foreign exchange hedging have been arranged to cover loan of HK\$5.92 billion, and the remaining foreign exchange exposure is equivalent to approximately RMB12.3 billion, accounting for 56% of total financing. Currently, the functional currency of offshore financing entities has been changed to Hong Kong dollars, and the Manager plans to gradually narrow the exchange rate exposure by increasing the proportion of low-cost RMB financing when adjusting the financing structure.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### FINANCIAL RESULTS

During the Interim Period, gross income was higher than the corresponding period of 2022. The following is a summary of Yuexiu REIT's financial results during the Interim Period:

	Six months ended 30 June		
	2023 Unaudited RMB'000	2022 Unaudited RMB'000	Increase/ (decrease)
<b>Gross income</b>	<b>1,060,864</b>	943,667	12.4%
Hotel and serviced apartments direct expenses	(161,558)	(126,235)	28.0%
Leasing agents' fee	(24,743)	(23,881)	3.6%
Property related taxes (Note 1)	(109,788)	(105,655)	3.9%
Other property expenses (Note 2)	(2,202)	(1,154)	90.8%
Total property operating expenses	(298,291)	(256,925)	16.1%
<b>Net property income</b>	<b>762,573</b>	686,742	11.0%
Withholding tax	(23,239)	(16,362)	42.0%
Depreciation and amortization	(70,399)	(67,525)	4.3%
Manager's fees	(83,432)	(82,130)	1.6%
Trustee's fees	(6,351)	(6,350)	0.0%
Other trust expenses (Note 3)	9,763	(45,526)	121.4%
Total non-property operating expenses	(173,658)	(217,893)	(20.3)%
<b>Profit before finance income, finance expenses and tax</b>	<b>588,915</b>	468,849	25.6%
Finance income	14,265	11,395	25.2%
Finance expenses	(548,243)	(995,477)	(44.9)%
<b>Profit/(loss) before tax</b>	<b>54,937</b>	(515,233)	110.7%
Income tax expenses	(131,457)	(132,074)	(0.5)%
<b>Net loss after tax before fair value gains on investment properties and fair value gain on derivative financial instruments</b>	<b>(76,520)</b>	(647,307)	(88.2)%
Fair value gains on investment properties	666	13,940	(95.2)%
Fair value gains on derivative financial instruments	163,403	112,288	45.5%
<b>Net profit/(loss) after tax before transactions with Unitholders</b>	<b>87,549</b>	(521,079)	116.8%

## MANAGEMENT DISCUSSION AND ANALYSIS

- Note 1 Property related taxes include real estate tax, land use right tax, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties etc.
- Note 2 Other property expenses include valuation fee, insurance premium, trade receivable loss allowance and other expenses incurred at the level of the properties.
- Note 3 Other trust expenses include audit fees, printing charges, unit registrar 's fees, listing fees, legal advisory fees, exchange differences from operation and miscellaneous expenses.

Gross income comes from office, wholesales, retails, hotel and serviced apartments. The following table shows an analysis of gross income:

(RMB'000)	Six months ended 30 June	
	2023	2022
Office (Note 1)	612,326	637,862
Wholesales (Note 1)	107,702	63,337
Retails (Note 1)	84,583	76,763
Hotel and serviced apartments (Note 2)	256,253	165,705
<b>Total</b>	<b>1,060,864</b>	<b>943,667</b>

Note 1 In 2022, due to the re-emergence of the COVID-19, Yuexiu REIT provided temporary rent concessions to certain tenants of its office, wholesales mall and retail mall.

Note 2 In 2022, due to the relapse of the COVID-19, Four Seasons Hotel Guangzhou recorded a drop in its average occupancy rate and average room rate.

During the Interim Period, net property income amounted to approximately RMB762,573,000 (2022: RMB686,742,000), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agents' fees and other property operating expenses, representing approximately 71.9% (2022: 72.8%) of total gross income. The table below sets out an analysis of net property income:

(RMB'000)	Six months ended 30 June	
	2023	2022
Office	515,315	536,762
Wholesales	90,756	53,900
Retails	71,939	64,554
Hotel and serviced apartments	84,563	31,526
<b>Total</b>	<b>762,573</b>	<b>686,742</b>

Hotel and serviced apartments direct expenses were RMB161,558,000 (including depreciation expense of RMB6,126,000 incurred in connection with right-of-use assets and interest expense of RMB731,000 incurred in connection with lease liabilities), an increase of 28.0% as compared with six months ended 30 June 2022. It was mainly due to an increase in the gross income from hotel and serviced apartments.

## MANAGEMENT DISCUSSION AND ANALYSIS

Leasing agents' fee increased by approximately 3.6% as compared with six months ended 30 June 2022. It was mainly due to an increase of rental income.

Property related taxes increased by approximately 3.9% as compared with six months ended 30 June 2022. It was mainly due to an increase of rental income.

As the hotel and serviced apartments were booked as fixed assets, they incurred the depreciation and amortization charge.

The finance income received for the Interim Period amounted to approximately RMB14,265,000 (2022: RMB11,395,000).

As RMB depreciated against HK\$ and USD for the Interim Period, the bank borrowings denominated in Hong Kong Dollar and guaranteed medium term notes denominated in Hong Kong Dollar and United States Dollar resulted in an exchange loss of approximately RMB124,742,000. Excluding the exchange loss, the finance expenses incurred for the Interim Period amounted to approximately RMB423,501,000 (2022: Excluding the exchange loss, the finance expenses were RMB215,914,000). The average one-month Hong Kong Interbank Offered Rate ("HIBOR") for the first half of 2023 was 3.52%, which was higher than that of 2022 by approximately 326 basis points and led to an increase of interest expenses on the floating portion of debt.

Profit after tax before transactions with Unitholders amounted to approximately RMB87,549,000 (2022: Loss RMB521,079,000), which represented an increase of approximately 116.8%, mainly due to an improvement of operation and fair value gain on derivative financial instruments offset the exchange loss incurred by the bank borrowings denominated in HK\$ and guaranteed medium term notes denominated in HK\$ and USD.

### NEW UNITS ISSUED AND UNIT ACTIVITY

In respect of the settlement of Manager's fee for the period from 1 July 2022 to 31 December 2022, Yuexiu REIT issued 49,882,982 new units at HK\$1.93 per unit on 24 March 2023.

As at 30 June 2023, a total of 4,833,663,307 units were issued by Yuexiu REIT.

The unit price of the Yuexiu REIT reached a high of HK\$2.73 and a low of HK\$1.39 during the Interim Period. The average trading volume amounted to approximately 4,420,000 units per day (2022: 3,095,000 units) during the Interim Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DEFERRED UNITS

According to the offering circular in relation to the acquisition of GZIFC dated 30 June 2012, commencing from 31 December 2016, the Yuexiu REIT will, on 31 December of each year, issue to Yuexiu Property Company Limited ("YXP") (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of units that may be issued to YXP (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of YXP (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by them at the relevant time.

As stated in the circular dated 13 November 2021 ("2021 Circular"), in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the 2021 Announcement (being HK\$3.67), the Deferred Units Issue Price shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per unit) by the fraction as set out under the Indebtedness Agreement and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The Deferred Units Issue Price Adjustment has taken effect upon the completion of the Rights Issue, which has taken place on 26 January 2022.

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

Accordingly, on 31 December 2022, the Yuexiu REIT issued 75,000,000 units (being the "2022 Deferred Units") at a price of HK\$3.861652 per unit to a wholly-owned subsidiary of YXP in partial satisfaction of the outstanding consideration from the Yuexiu REIT's investment in GZIFC in 2012.

### NET ASSET VALUE

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2023 was approximately RMB3.24 (31 December 2022: RMB3.37).

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL AND FINANCIAL STRUCTURE

Yuexiu REIT's borrowings are as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Bank borrowings and notes		
Denominated in RMB	4,196,867	1,234,400
Denominated in HK\$	14,839,645	15,885,279
Denominated in USD	2,885,708	2,785,478
Total bank borrowings and notes	<b>21,922,220</b>	19,905,157
Maturity analysis		
Within one year	5,570,263	4,364,124
Two to five years	16,351,957	15,541,033
Beyond five years	—	—
The effective interest rate (per annum) of the borrowings and notes at the balance sheet date		
RMB	3.60%	3.45%
HK\$	5.69%	5.31%
USD	2.72%	2.72%

The overall effective interest rate (per annum) of the borrowings and notes at the balance sheet date was 4.90% (as at 31 December 2022: 4.83%). The average interest rate was approximately 4.19% (2022: 2.28%) for the Interim Period.

On 17 March 2023, Yuexiu REIT, through its offshore project company, proposed issue CNY1,500,000,000 4.15% Guaranteed Notes due 2026. On 24 March 2023, the Guaranteed Notes are issued and listed in MOX. It were drawn down for repayment of certain HK\$ bank loan facility. For details, please refer to the announcements dated 17 March 2023 and 24 March 2023.

On 25 June 2023, Yuexiu REIT, through its offshore project company, entered into a facility agreement with an onshore bank in connection with a three-year secured and fixed rate term loan facility of RMB4,000,000,000. RMB1,500,000,000 was drawn down on 26 June 2023, RMB1,500,000,000 was drawn down 10 July 2023, RMB500,000,000 was drawn down on 24 July 2023 and RMB500,000,000 was drawn down on 7 August 2023, for the purpose of repayment of certain HK\$ bank loan facility. For details, please refer to the announcement dated 25 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and be alert for the foreign exchange risk.

As at 30 June 2023, capped forward hedging was applied to certain foreign bank loans and bonds to fix the RMB exchange rate. The total hedged loan and bonds amount was approximately RMB5,455,263,000 (as at 31 December 2022: RMB5,279,029,000).

As at 30 June 2023, Yuexiu REIT held certain hedging financial derivatives with fair value assets of approximately RMB244,289,000 (as at 31 December 2022: fair value assets of hedging financial derivatives of approximately RMB76,854,000).

As at 30 June 2023, total borrowings of Yuexiu REIT amounted to approximately RMB21,922,220,000 which represented approximately 48.2% of total assets of Yuexiu REIT (as at 31 December 2022: 45.4%). After completion of the repayment of offshore bank loans with bank loans of RMB4,000,000,000, the gearing ratio was approximately 46.5% in August 2023. The percentage of bank borrowings and notes denominated in RMB will increase to 33.2% from 19.1%, while the percentage of bank borrowings and notes denominated in HK\$ will decrease to 52.7% from 67.7%.

The above said gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code.

As at 30 June 2023, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB28,571,926,000, representing approximately 62.9% of total assets of Yuexiu REIT.

### CASH POSITION

As at 30 June 2023, cash and cash equivalents, short-term deposit balance and long-term bank deposit balance of Yuexiu REIT amounted to approximately RMB2,807,230,000. 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.

## REVIEW OF FINANCIAL RESULTS

The results of Yuexiu REIT for the 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 Standards 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ISSUANCE OF 2023 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2023 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2023.

### REPURCHASE, SALE OR REDEMPTION OF UNITS

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

### EMPLOYEES

As at 30 June 2023, Yuexiu REIT employed 542 and 131 employees in China for hotel operation and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service for hotel and serviced apartments.

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

## CORPORATE GOVERNANCE

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

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 (the "Compliance Manual") and the principles and provisions of the Corporate Governance Code for use in relation to the management and operation of Yuexiu REIT which includes key policies and procedures to maintain a high standard of corporate governance.

During the 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. During the Interim Period, Mr. Lin Deliang, Mr. Kwan Chi Fai and Ms. Ou Haijing are Responsible Officers.

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.

### DEALING IN SECURITIES OF YUEXIU REIT BY DIRECTORS OR THE MANAGER

The manager has adopted the "Code Governing Dealings in Units by Directors or the Manager" (the "Units Dealing Code") governing dealings in the units of Yuexiu REIT as set out in the Compliance Manual, on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). The Units Dealings Code may be extended to senior executives, officers and other employees of the Manager as the board may determine. Following specific enquiries by the Manager, the Directors of the Manager and the Manager have confirmed that they have complied with the required standards under the Model Code and the Units Dealing code during the Interim Period.

## CORPORATE GOVERNANCE

### FUNCTIONS OF THE BOARD

The board of Directors of the Manager (the “Board”) currently comprises eight members, four of whom are INEDs.

The Board principally oversees the day-to-day management of the Manager’s affairs and the conduct of its business, it is also 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 for 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.

### BOARD COMMITTEES

The Board has the power to delegate to committees consisting of its appropriate members 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 scope of responsibilities to review specific issues or items and 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 seven Directors, including the Chairman, the Chief Executive Officer, Deputy CEO and at least one INED. It is responsible for, among other matters, evaluating and making recommendations on proposed acquisitions and disposals of assets proposed by the Manager and Yuexiu REIT, approving budgets and reviewing actual expenses on all key expenditures and reviewing the quarterly financial performance, forecasts and annual financial plan of the Manager and Yuexiu REIT. The Finance and Investment Committee also reviews and recommends changes to financial authorities, policies or procedures in areas such as accounting, taxes, treasury, distribution payout, investment appraisal, management and statutory reporting.

## CORPORATE GOVERNANCE

### DISCLOSURES COMMITTEE

The Disclosures Committee comprises the Chief Executive Officer and at least one INED. Among other matters, it is responsible for reviewing matters relating to the regular, urgent and forward looking disclosure of information to Unitholders and public announcements and circulars. The Disclosures Committee also oversees compliance with applicable legal requirements (including those relating to Yuexiu REIT's connected party transactions) and the continuous accuracy, clarity, completeness and distribution 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 Chairman 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 as well as nominating and providing recommendations on nominees 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 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.

### CONTINUING CONNECTED PARTY TRANSACTIONS

#### LEASING TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2023 Interim Period (RMB/HK\$)
24 October 2021	Guangzhou Yue Xiu Holdings Limited ("GZYX")	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Leasing Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected leasing transactions between Yuexiu REIT Group and Yuexiu connected persons group (being GZYX and its subsidiaries and associates) ("Yuexiu Connected Persons Group") which are either in place or to be entered into or renewed from time to time for the period from 1 January 2023 to 30 June 2023, subject to the annual caps of RMB649,195,000 for the year ending 31 December 2023.	RMB174,279,000
20 December 2022	Manager, Yuexiu Transport Infrastructure Limited ("Yuexiu Transport"), Yuexiu Property Company Limited ("YXP")	Manager An associate of the Manager	On 20 December 2022, (i) Artform Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the Manager Lease Agreement with the Manager (as lessee) for the lease of Unit 3 and a portion of Unit 2 of the 17th Yue Xiu Building; (ii) Artform Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the Yuexiu Transport Lease Agreement with Yuexiu Transport (as lessee) for the lease of Unit 1 and a portion of Unit 2 of the 17th Yue Xiu Building; and (iii) Blow Light Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the YXP Lease Agreement with YXP (as lessee) for the lease of Unit 3 and a portion of Unit 2 of the 23rd Yue Xiu Building, subject to the annual caps of HK\$3,700,800, HK\$2,620,000 and HK\$1,694,000 for the years ending 31 December 2023, 2024, 2025, respectively.	HK\$1,834,000

## CONNECTED PARTY TRANSACTIONS

### PROPERTY MANAGEMENT TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2023 Interim Period (RMB)
24 October 2021	GZYX	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Property Management Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected property management transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2023 to 30 June 2023.	N/A

### TENANCY SERVICES TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2023 Interim Period (RMB)
24 October 2021	Yuexiu Property	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Tenancy Services Framework Agreement with Yuexiu Property setting out the terms and conditions and pricing policy governing the connected tenancy services transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2023 to 30 June 2023, subject to the annual caps of RMB86,313,000 for the year ending 31 December 2023.	24,743,000

## CONNECTED PARTY TRANSACTIONS

### STAFF QUARTERS SUBLEASE

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

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Sublease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (Years)	Sublease payment during the
									Interim Period 2023 (RMB)
Guangzhou Yuexiu Star Apartment Management Co., Ltd.* (廣州越秀星寓公寓管理有限公司)	Guangzhou Tianhe District	An associate of the Manager 邦華名悅	7,411.05	1 December 2022	930,161	126	0	3	6,083,000

### TRADE MARK LICENCE AGREEMENTS

The following table sets forth information for the 2023 Interim Period in relation to the trade mark licences granted by the connected persons to Yuexiu REIT:

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for the 2023	
				Interim Period	Licence maturity date
Baima BM	An associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	27 November 2026, 6 December 2026, 13 January 2027, 13 December 2026, 20 January 2027 27 November 2026
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") <sup>(1)</sup>	An associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

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

## CONNECTED PARTY TRANSACTIONS

### CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

The following table sets forth information for the 2023 Interim Period in relation to the prepaid construction payable by Yuexiu REIT to a connected person and the interest charged on the balance of prepaid construction payable:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for the 2023 Interim Period (RMB)	Nature of Transaction	Amount received/Receivable for the 2023 Interim Period (RMB)
GCCD	An associate of the Manager	4 May 2012	40,106,000	Interest on the balance of construction payable	1,712,000

### ORDINARY BANKING SERVICES

Name	Nature of Transaction	Relationship with Yuexiu REIT	The balance of bank deposits amount as at 30 June 2023 (RMB)	The highest daily aggregate amount of bank deposits within the 2023 Interim Period (RMB)	Amount of interest received/receivable within the 2023 Interim Period (RMB)
Chong Hing	Bank deposits	An associate of the Manager	4,524,740	54,408,880	363,000

### CORPORATE FINANCE TRANSACTIONS

Name	Nature of transaction	Date of agreement	Amount of fees paid/payable/amortized within the 2023 Interim Period
Chong Hing	Bond <sup>(1)</sup>	17 March 2023	RMB14,000
Yue Xiu Securities	Bond <sup>(1)</sup>	17 March 2023	RMB19,000

(1) Chong Hing and Yue Xiu Securities were one of the underwriters.

## CONNECTED PARTY TRANSACTIONS

### FINANCING OF THE DEFERRED COMPLETION PAYMENT

Name	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/ payable within the 2023 Interim Period	Amount of interest paid/payable within the 2023 Interim Period (RMB)
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") <sup>(1)</sup>	An associate of the Manager	21 December 2017	20,000	—	—

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

### NAMING RIGHTS AGREEMENT

Name	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount received/ receivable for the 2023 Interim Period (RMB)	Naming Rights Period
YXP	An associate of the Manager	Yuexiu Financial Tower	Naming rights	10,000,000	23 December 2021 to 31 December 2023

### HSBC GROUP\*

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

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

## CONNECTED PARTY TRANSACTIONS

### 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 2023 Interim Period:

#### ORDINARY BANKING SERVICES

Name	Nature of transaction	Date of agreement	Principal amount	Amount of interest paid/payable within the 2023 Interim Period
HSBC Group	Loan <sup>(1)</sup>	November 2019	HK\$343,752,000	RMB8,141,000

  

Name	Nature of transaction	Date of agreement	Nominal amount	Receivable as at 30 June 2023
HSBC Group	Foreign Exchange Hedging <sup>(2)</sup>	October 2022	HK\$320,000,000	RMB3,490,000

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

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

#### CORPORATE FINANCE TRANSACTIONS

Name	Nature of transaction	Date of agreement	Amount of fees paid/payable/amortized within the 2023 Interim Period
HSBC Group	Bond <sup>(1)</sup>	26 January 2021	RMB1,000

(1) HSBC Group was one of the underwriters.

GZI REIT (Holding) 2005 Company Limited, Partat Investment Limited ("Partat"), Keen Ocean Limited ("Keen Ocean"), Full Estates Investment Limited ("Full Estates"), Moon King Limited ("Moon King"), Ever Joint Investment International Limited ("Ever Joint"), Long Grace Holdings Limited ("Long Grace"), Profit Link Investment International Limited ("Profit Link"), San Bright Holdings Limited ("San Bright") and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2023 Interim Period.

## CONNECTED PARTY TRANSACTIONS

### WAIVER FROM STRICT COMPLIANCE

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

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

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

### CONFIRMATION BY THE 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 Yuexiu Connected Persons Group and the HSBC Group and that they are satisfied that these transactions have been entered into:

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

## CONNECTED PARTY TRANSACTIONS

### MANAGER'S FEES

During the 2023 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB83,432,000, all of which was settled by the issuance of new Units. For the avoidance of doubt, the services provided by the Manager pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

### TRUSTEE'S FEES

During the 2023 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB6,351,000. For the avoidance of doubt, the services provided by the Trustee pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

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

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

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

Interests and short positions in the Units:

Name of Director	As at 1 January 2023			As at 30 June 2023		
	Nature of Interest	Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	% Change in Holdings
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Ms. Ou Haijing	Beneficial	1,000	0.000021%	54,606	0.00113%	0.001109
Mr. Li Feng	Beneficial	1,825	0.000052%	5,287	0.000109%	0.000057
Mr. Zeng Zhizhao	—	Nil	—	Nil	—	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—
Mr. Chen Xiaou	—	Nil	—	Nil	—	—

## CONNECTED PARTY TRANSACTIONS

### HOLDINGS OF SUBSTANTIAL HOLDERS

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

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2023		As at 30 June 2023		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
GZYZ <sup>(1)</sup>	Deemed	2,608,845,007 <sup>(4)</sup>	54.54% <sup>(5)</sup>	2,517,450,525 <sup>(3)</sup>	52.08% <sup>(6)</sup>	(2.46%)
	Total	2,608,845,007 <sup>(4)</sup>	54.54% <sup>(5)</sup>	2,517,450,525 <sup>(3)</sup>	52.08% <sup>(6)</sup>	(2.46%)
Yue Xiu	Beneficial	37,428 <sup>(4)</sup>	—	37,428	—	—
	Deemed	2,608,807,579 <sup>(4)</sup>	54.54% <sup>(5)</sup>	2,517,413,097 <sup>(3)</sup>	52.08% <sup>(6)</sup>	(2.46%)
	Total	2,608,845,007 <sup>(4)</sup>	54.54% <sup>(5)</sup>	2,517,450,525 <sup>(3)</sup>	52.08% <sup>(6)</sup>	(2.46%)
YXP <sup>(2)</sup>	Beneficial	—	—	2,425,640	0.05%	0.05%
	Deemed	2,234,942,263 <sup>(4)</sup>	46.72% <sup>(5)</sup>	2,032,825,245 <sup>(3)</sup>	42.06% <sup>(6)</sup>	(4.66%)
	Total	2,234,942,263 <sup>(4)</sup>	46.72% <sup>(5)</sup>	2,035,250,885 <sup>(3)</sup>	42.11% <sup>(6)</sup>	(4.61%)
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	2,014,700,787 <sup>(4)</sup>	42.12% <sup>(5)</sup>	1,762,700,787 <sup>(3)</sup>	36.47% <sup>(6)</sup>	(5.65%)
	Deemed	—	—	—	—	—
	Total	2,014,700,787 <sup>(4)</sup>	42.12% <sup>(5)</sup>	1,762,700,787 <sup>(3)</sup>	36.47% <sup>(6)</sup>	(5.65%)
Beyond Best Global Limited ("BBG")	Beneficial	225,000,000	4.71%	225,000,000	4.65%	(0.06%)
	Deemed	2,383,845,007	49.83%	2,292,450,525	47.43%	(2.4%)
	Total	2,608,845,007 <sup>(7)</sup>	54.54%	2,517,450,525 <sup>(8)</sup>	52.08%	(2.46%)
Radiant World Investment Limited	Deemed	2,608,845,007	54.54%	2,658,727,989	55.00%	0.46%
	Total	2,608,845,007 <sup>(7)</sup>	54.54%	2,658,727,989 <sup>(9)</sup>	55.00%	0.46%
Sun Advance Limited ("SA")	Deemed	2,608,845,007	54.54%	2,517,450,525	52.08%	(2.46%)
	Total	2,608,845,007 <sup>(7)</sup>	54.54%	2,517,450,525 <sup>(8)</sup>	52.08%	(2.46%)
TONG WING CHI	Deemed	2,608,845,007	54.54%	2,517,450,525	52.08%	(2.46%)
	Total	2,608,845,007 <sup>(7)</sup>	54.54%	2,517,450,525 <sup>(8)</sup>	52.08%	(2.46%)
Victory Success Consulting Limited	Deemed	2,608,845,007	54.54%	2,517,450,525	52.08%	(2.46%)
	Total	2,608,845,007 <sup>(7)</sup>	54.54%	2,517,450,525 <sup>(8)</sup>	52.08%	(2.46%)

## CONNECTED PARTY TRANSACTIONS

- (1) Further information in relation to interests of corporations controlled by GZYG as at 30 June 2023:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYG	100.00	Y	37,428	—
Yue Xiu	GZYG	100.00	N	2,517,413,097	—
Bosworth International Limited	Yue Xiu	100.00	Y	84,564,548	—
YXP	Yue Xiu	43.39	N	2,032,825,245	—
Dragon Yield	YXP	100.00	Y	1,762,700,787	—
Novena Pacific Limited	Yue Xiu	100.00	Y	17,703,885	—
Morrison Pacific Limited	Yue Xiu	100.00	Y	4,946,376	—
Greenwood Pacific Limited	Yue Xiu	100.00	Y	4,248,089	—
Goldstock International Limited	Yue Xiu	100.00	Y	1,102,672	—
Yuexiu Capital Holdings Limited ("YXCH")	Yue Xiu	100.00	Y	84,940,000	—
YXCH	Yue Xiu	100.00	N	51,274,376	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,902,194	—
Yue Xiu International Investment Limited ("YXII")	YXP	100.00	Y	270,124,458	—
Golden Harbor Limited ("GH")	YXCH	100.00	N	51,274,376	—
Star Grid Limited	Yue Xiu	100.00	N	276,274,376	—
SA	Star Grid Limited	100.00	N	276,274,376	—
Golden Harbor Limited Partnership ("GHLP")	GH as general partner	0.00	Y	51,274,376	—
GHLP	SA as limited partner	100.00	Y	51,274,376	—
BBG	SA	50.00	Y	225,000,000	—
YXP	Yue Xiu	43.39	Y	2,425,640	—
SUPER MASTER LTD.	Yue Xiu	100.00	Y	6,480,072	—

- (2) The deemed interest as at 30 June 2023 in 2,032,825,245 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of YXP.
- (3) The number of units includes 254,808,584 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to YXP (or YXP's nominee) at an issue price of HK\$3.861652 per Unit. Further details are included in the circular dated 17 December 2021 of Yuexiu REIT.
- (4) Details are included in the offering circular dated 17 December 2021 of Yuexiu REIT.
- (5) After deducting the unissued deferred units, the approximate interest held by GZYG and Yue Xiu will be approximately 44.506%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 41.393% and 36.789% respectively.
- (6) After deducting the unissued deferred units, the approximate interest held by GZYG and Yue Xiu will be approximately 42.155%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 36.834% and 31.196% respectively.
- (7) On 16 June 2022, BBG, owned 50% by Radiant World Investment Limited, entered into a loan agreement with Yue Xiu which agreed to provide a loan of HK\$712 million to BBG to acquire 225 million Units. Such loan agreement falls under section 317(1)(b) of the SFO; BBG is deemed to be interested in Yue Xiu's interest of 55.05% in Units under section 318 of the SFO. On 20 June 2022, BBG entered into an agreement to purchase 225 million Units for HK\$3.20 per Unit from GHLP which was completed on 21 June 2022. Further details are included in the announcement on 20 June 2022.
- (8) Upon dispatch of Units certificates pursuant to the Distribution in Specie ("DIS") as announced by YXP on 27 June 2023, Yue Xiu's deemed interest in YUEXIU REIT (through YXP) decreased, but Yue Xiu (as shareholder of YXP) also received (through its various subsidiaries) Units pursuant to the DIS, resulting in an overall decrease in Yue Xiu's interest in YUEXIU REIT.
- (9) Details are included in the announcement dated 24 March 2023 of Yuexiu REIT.

## CONNECTED PARTY TRANSACTIONS

### HOLDINGS OF SENIOR EXECUTIVES OF THE MANAGER

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

Name of Senior Executive	Nature of interest	As at 1 January 2023		As at 30 June 2023		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liu Bihong	Beneficial	225	0.0000047%	225	0.00000465%	(0.00000005%)

### HOLDINGS OF OTHER CONNECTED PERSON

Name of Senior Executive	Nature of interest	As at 1 January 2023		As at 30 June 2023		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Trustee	Deemed <sup>(1)</sup>	1,206,400	0.0252%	1,220,821	0.0253%	0.0001%

(1) Associate of the trustee (as defined in the REIT Code) had no beneficial interest in any units as at 30 June 2023.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Colliers International (Hong Kong) Limited holding any Units as at 30 June 2023.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道 979 號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## 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 45 to 86, which comprises the interim condensed consolidated balance sheet of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (the "Group") as at 30 June 2023 and the related interim condensed consolidated statement of comprehensive income, distribution statement, statement of net assets attributable to unitholders and changes in equity and cash flows for the six-month period then ended, and 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* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Manager are responsible for the preparation and presentation of interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. 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 HKAS 34.

### Ernst & Young

*Certified Public Accountants*

Hong Kong

15 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	6	1,060,864	943,667
Operating expenses, net	7	(471,218)	(474,634)
Fair value gains on investment properties	14	666	13,940
Change in fair value of derivative financial instruments		163,403	112,288
Finance income	9	14,265	11,395
Finance expenses	10	(548,974)	(995,661)
Profit/(loss) before income tax and transactions with unitholders		219,006	(389,005)
Income tax expense	11	(131,457)	(132,074)
Profit/(loss) after income tax before transactions with unitholders		87,549	(521,079)
Transactions with unitholders	24	334,771	478,091
Profit/(loss) after income tax and transactions with unitholders		422,320	(42,988)
Other comprehensive (loss)/income for the period			
<u>Items that will not be classified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
– Gross		(808)	78,473
– Tax		226	(21,978)
		(582)	56,495
<u>Items that may be classified to profit or loss:</u>			
Exchange differences on translation of foreign operations		(429,380)	—
Other comprehensive (loss)/income for the period, net of tax		(429,962)	56,495
Total comprehensive (loss)/income for the period		(7,642)	13,507

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to				
	Unitholders before transactions with unitholders (Unaudited) RMB'000	Transactions with unitholders (Note 24) (Unaudited) RMB'000	Unitholders after transactions with unitholders (Unaudited) RMB'000	Non- controlling interests (Unaudited) RMB'000	Total (Unaudited) RMB'000
Loss for the period ended 30 June 2022	(533,998)	478,091	(55,907)	12,919	(42,988)
Other comprehensive income: <u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	55,907	—	55,907	588	56,495
Total comprehensive income for the period ended 30 June 2022	(478,091)	478,091	—	13,507	13,507
Profit for the period ended 30 June 2023	95,184	334,771	429,955	(7,635)	422,320
Other comprehensive income: <u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	(575)	—	(575)	(7)	(582)
<u>Items that may be reclassified to profit or loss:</u>					
Exchange differences on translation of foreign operations	(429,380)	—	(429,380)	—	(429,380)
Total comprehensive income for the period ended 30 June 2023	(334,771)	334,771	—	(7,642)	(7,642)

### Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, third supplemental deed on 25 July 2012, fourth supplemental deed dated 3 April 2020 and fifth supplemental deed dated 28 May 2021 (the "Trust Deed"), Yuexiu Real Estate Investment Trust ("Yuexiu REIT") is required to distribute to the 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 distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the interim condensed 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 interim condensed consolidated balance sheet and how distributions are disclosed in the interim condensed consolidated statement of comprehensive income. Total distributable income is determined in the interim condensed consolidated distribution statement.
- (ii) Earnings/(losses) per unit, based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders and the weighted average number of units in issue, are presented in Note 25.

The notes on pages 53 to 86 are an integral part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 JUNE 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	2,145,683	2,183,683
Right-of-use assets	13	1,184,980	1,215,748
Investment properties	14	37,725,723	37,702,232
Deferred assets, prepayments, deposits and other receivables	15	232,139	235,425
Goodwill	16	859,868	859,868
Bank deposits	19	—	30,000
Total non-current assets		42,148,393	42,226,956
<b>Current assets</b>			
Inventories		2,814	3,080
Trade and lease receivables	18	56,880	32,673
Amounts due from related parties	26(b)	57,220	45,228
Deferred assets, prepayments, deposits and other receivables	15	114,857	100,579
Derivative financial instruments	17	244,289	100,005
Tax recoverable		11,453	4,138
Bank deposits	19	50,000	20,000
Cash and cash equivalents	19	2,757,230	1,333,773
Total current assets		3,294,743	1,639,476
<b>Total assets</b>		<b>45,443,136</b>	<b>43,866,432</b>
<b>Equity</b>			
Reserves		(565,212)	(135,257)
Retained earnings		565,212	135,257
		—	—
Non-controlling interests		1,207,634	1,217,242
<b>Total equity</b>		<b>1,207,634</b>	<b>1,217,242</b>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)**

30 JUNE 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Current liabilities</b>			
Trade payables	21	19,820	25,190
Rental deposits, current portion	22	175,497	186,238
Receipts in advance	22	87,550	96,553
Accruals and other payables	22	493,551	453,448
Amounts due to related parties	26(b)	126,449	142,036
Borrowings	23	5,570,263	4,364,124
Lease liabilities	13	10,655	10,485
Tax payables		56,474	89,062
Total current liabilities		6,540,259	5,367,136
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Rental deposits, non-current portion	22	218,199	209,987
Borrowings	23	16,351,957	15,541,033
Deferred tax liabilities	20	5,444,740	5,380,971
Derivative financial instruments	17	—	23,151
Lease liabilities	13	16,771	22,517
Total non-current liabilities		22,031,667	21,177,659
<b>Total liabilities, other than net assets attributable to unitholders</b>		28,571,926	26,544,795
<b>Net assets attributable to unitholders</b>	24	15,663,576	16,104,395
<b>Total equity and liabilities</b>		45,443,136	43,866,432
<b>Net current liabilities</b>		(3,245,516)	(3,727,661)
Units in issue ('000)	24	4,833,663	4,783,780
Net assets attributable to unitholders per unit (RMB)		RMB3.24	RMB3.37

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

Director

Director

The notes on pages 53 to 86 are an integral part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Profit/(loss) after income tax before transactions with unitholders attributable to unitholders</b>		<b>95,184</b>	<b>(533,998)</b>
<b>Adjustments for the total distributable income (i)</b>			
– Fair value gains on investment properties		(24,003)	(14,895)
– Deferred taxation in respect of fair value gains on investment properties charged to profit or loss		24,690	24,700
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(197,008)	(195,278)
– Fair value gains on derivative financial instruments		(163,403)	(112,288)
		<b>(264,540)</b>	<b>(831,759)</b>
<b>Additional items (ii)</b>			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		197,008	195,278
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRSs”)		69,687	66,841
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		50,901	50,735
– Manager’s fee paid and payable in units in lieu of cash		83,432	82,130
– Foreign exchange losses on financing activities		124,742	779,563

## INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Distributable income after additional items</b>		<b>261,230</b>	342,788
Distributable amount at 1 January		190,680	457,990
Distribution paid during the period (iii)	24	(190,448)	(457,835)
Interim distribution declared (iv)		261,462	342,943
Distribution per unit, declared (iv)		<b>RMB0.0541</b>	RMB0.0734

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 interim condensed consolidated statement of comprehensive income for the relevant period.
- (ii) 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 and the circular dated 30 June 2012.
- (iii) A distribution of RMB 0.0394 per unit, totalling RMB190,448,000 (equivalent to HK\$216,548,000), was paid to unitholders on 25 May 2023.
- (iv) Interim distribution in respect of the six months ended 30 June 2023 of RMB0.0541 (equivalent to HK\$0.0590) per unit, totalling RMB261,462,000 (equivalent to HK\$285,400,000) was declared by the Board of the Manager on 15 August 2023.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2023 as disclosed in Note 24.

The notes on pages 53 to 86 are an integral part of this interim condensed consolidated financial information.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Equity							Total RMB'000
	Net assets Attributable to unitholders RMB'000	(Accumulated losses)/ Retained earnings		Revaluation reserve RMB'000	Hedge reserve RMB'000	Exchange Fluctuation reserve RMB'000	Non- controlling interests RMB'000	
		RMB'000	RMB'000					
At 1 January 2022	14,717,852	(422,544)	422,544	—	—	1,206,026	15,923,878	
Issuance of units (Note 24)	3,276,892	—	—	—	—	—	3,276,892	
Loss for the period attributable to:								
– Unitholders	(478,091)	—	—	—	—	—	(478,091)	
– Equity holders	—	(55,907)	—	—	—	12,919	(42,988)	
Change in fair values of cash flow hedges	—	—	—	1,365	—	—	1,365	
Hedging gain reclassified to profit or loss	—	—	—	(1,365)	—	—	(1,365)	
Distributions paid to unitholders	(542,985)	—	—	—	—	—	(542,985)	
Change in fair value of property, plant and equipment, net of tax	—	—	55,907	—	—	588	56,495	
At 30 June 2022	16,973,668	(478,451)	478,451	—	—	1,219,533	18,193,201	
At 1 January 2023	16,104,395	135,257	490,902	—	(626,159)	1,217,242	17,321,637	
Issuance of units (Note 24)	84,400	—	—	—	—	—	84,400	
Profit for the period attributable to:								
– Unitholders	(334,771)	—	—	—	—	—	(334,771)	
– Equity holders	—	429,955	—	—	—	(7,635)	422,320	
Distributions paid to								
– Unitholders	(190,448)	—	—	—	—	—	(190,448)	
– Equity holders	—	—	—	—	—	(1,966)	(1,966)	
Change in fair value of property, plant and equipment, net of tax	—	—	(575)	—	—	(7)	(582)	
Exchange differences on translation of foreign operations	—	—	—	—	(429,380)	—	(429,380)	
At 30 June 2023 (unaudited)	15,663,576	565,212	490,327	—	(1,055,539)	1,207,634	16,871,210	

The notes on pages 53 to 86 are an integral part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	693,905	581,215
Interest paid	(397,157)	(198,452)
Income tax paid	(116,879)	(86,330)
Net cash from operating activities	179,869	296,433
<b>Cash flows from investing activities</b>		
Additions of investment properties	(23,556)	(29,129)
Additions of property, plant and equipment	(8,565)	(8,395)
Interest received	14,265	11,395
Changes in bank deposits	—	(26,476)
Payment for acquisition of a subsidiary, net of cash acquired	—	(3,527,788)
Net cash used in investing activities	(17,856)	(3,580,393)
<b>Cash flows from financing activities</b>		
Distribution paid	(192,414)	(542,985)
Proceeds from borrowings, net of transaction costs	2,954,126	1,730,563
Repayment of borrowings	(1,523,197)	(713,400)
Issuance of units	—	3,221,968
Principal elements of lease payments	(6,083)	(5,581)
Net cash from financing activities	1,232,432	3,690,565
<b>Net increase in cash and cash equivalents</b>	<b>1,394,445</b>	<b>406,605</b>
Cash and cash equivalents at beginning of the period	1,333,773	1,453,356
Effects of foreign exchange rate changes, net	29,012	(26,729)
<b>Cash and cash equivalents at end of the period</b>	<b>2,757,230</b>	<b>1,833,232</b>

The notes on pages 53 to 86 are an integral part of this interim condensed consolidated financial information.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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 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, Third Supplemental Deed dated 25 July 2012, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Deed dated 28 May 2021) and authorised under section 104 of the Securities and Futures Ordinance subject to the applicable conditions imposed by Securities and Futures Commission from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited on 21 December 2005.

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Manager on 15 August 2023.

This interim condensed consolidated financial information has not been audited.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with HKFRSs.

As at 30 June 2023, the Group's current liabilities exceeded its current assets by RMB3,245,516,000 (31 December 2022: RMB3,727,661,000) due to the borrowings of RMB5,570,263,000 fall due within twelve months from the balance sheet date (31 December 2022: borrowings of RMB4,364,124,000 fall due within twelve months from the balance sheet date). The Manager is in the process of arranging various sources of funding, which include discussing with the Group's existing principal bankers for refinancing, to meet with the settlement of the bank borrowings fall due within twelve months from the balance sheet date. Taking into account the financial resources available, including existing undrawn bank facilities and further limit available under the US\$1.5 billion guaranteed medium term note programme established on 16 April 2018 pursuant to the subscription agreement dated 23 April 2018 (the "MTN Programme"), as well as the abovementioned refinancing plan, the Manager considers the Group has adequate resources to meet its liabilities as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the directors consider it is appropriate the going concern basis has been adopted in preparing this interim condensed consolidated financial information.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 4 SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the interim condensed consolidated 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 interim condensed consolidated 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 2022.

### 5 FINANCIAL RISK MANAGEMENT

#### 5.1 FINANCIAL RISK FACTORS

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

The interim condensed consolidated financial information does 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 2022.

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

### 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 apartments, office rental and wholesale and shopping mall.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

Total assets excluded corporate assets which are not directly attributable to segments.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Hotel and serviced apartments (Unaudited) RMB'000	Office rental (Unaudited) RMB'000	Wholesale and shopping mall (Unaudited) RMB'000	Group (Unaudited) RMB'000
<b>Period ended 30 June 2023</b>				
Revenue from external customers	256,253	612,326	192,285	1,060,864
Segment results	8,757	557,960	126,852	693,569
Depreciation	76,525	—	—	76,525
Fair value gains/(losses) on investment properties	—	36,509	(35,843)	666
<b>Period ended 30 June 2022</b>				
Revenue from external customers	165,705	637,862	140,100	943,667
Segment results	(35,802)	604,687	64,454	633,339
Depreciation	72,501	11	—	72,512
Fair value gains/(losses) on investment properties	—	67,940	(54,000)	13,940
<b>As at 30 June 2023</b>				
Total reportable segments' assets	3,624,743	31,588,914	9,329,074	44,542,731
<b>As at 31 December 2022</b>				
Total reportable segments' assets	3,735,044	29,863,243	9,321,980	42,920,267

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Segment results	693,569	633,339
Changes in fair value of derivative financial instruments	163,403	112,288
Unallocated operating costs (Note)	(103,257)	(150,366)
Operating profit	753,715	595,261
Finance income	14,265	11,395
Finance expenses	(548,974)	(995,661)
Profit/(loss) before income tax and transactions with unitholders	219,006	(389,005)

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

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	Total reportable segments' assets	44,542,731
Corporate assets	900,405	946,165
Total assets	45,443,136	43,866,432

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Revenue		Total assets	
	Six months ended 30 June		30 June	31 December
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
mainland China and Hong Kong	1,060,864	943,667	44,542,731	42,920,267
Unallocated corporate assets			900,405	946,165
Total			45,443,136	43,866,432

The Group's revenue by nature is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Hotel and serviced apartments operations		
Room rentals	165,602	98,595
Food and beverages	75,368	61,031
Others	15,283	6,079
Property rentals	804,611	777,962
Total	1,060,864	943,667

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue recognised at a point in time	85,905	63,982
Revenue recognised over time	169,022	101,033
Other sources	805,937	778,652
Total	1,060,864	943,667

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Property management fee (i)	24,743	23,881
Employee benefit expense	67,204	55,406
Real estate tax	103,328	98,912
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	5,315	5,090
Withholding tax (ii)	23,239	16,362
Depreciation of property, plant and equipment (Note 12)	45,757	42,883
Depreciation of right-of-use assets (Note 13)	30,768	29,629
Cost of inventories sold or consumed in operation	46,981	39,360
Other direct expenses on hotel and serviced apartments	40,516	26,296
Manager's fee (Note 8)	83,432	82,130
Trustee's fee	6,351	6,350
Valuation fee	581	428
Legal and professional fee	8,329	6,877
Auditor's remuneration	1,200	1,800
Bank charges	213	221
Foreign exchange (gains)/losses	(29,734)	25,880
Others	12,995	13,129
<b>Total operating expenses, net</b>	<b>471,218</b>	<b>474,634</b>

Notes:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng BM"), Guangzhou Baima Business Operation Management Co., Ltd. ("Baima BM") and Guangzhou IFC Business Management Co., Ltd. ("GZ IFC Management") (Note 26).
- (ii) Withholding tax on the rental income and interest income derived from properties located in China and held by BVI companies is calculated at a rate of 10%.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property as defined in the Trust Deed; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed.

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Manager's fee:		
In the form of units	83,432	82,130

Notes:

- (i) It is stated in the the circular of Yuexiu REIT dated 13 November 2021 ("2021 Circular") that, subject to the completion of Yuexiu REIT's acquisition of Yuexiu Financial Tower, the Manager intends to receive 100% of the Manager's fee payable for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 in the form of units.
- (ii) Pursuant to 2021 Circular and subsequent announcement dated 14 January 2022, all of the Manager's fee for the year ended 31 December 2022, was paid in the form of units. Pursuant to 2021 Circular and subsequent announcement dated 13 January 2023, all of the Manager's fee for the year ending 31 December 2023, will be paid in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the period ended 30 June 2023 are expected to be issued on 31 August 2023. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the higher of (i) the closing price of the units on the trading day immediately preceding 31 August 2023 and (ii) the average closing price of the units in the 10 trading days immediately preceding 31 August 2023.

### 9 FINANCE INCOME

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest income from bank deposits	12,553	9,683
Interest income from a related party (Note 26(a))	1,712	1,712
Total	14,265	11,395

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 10 FINANCE EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
Interest expense for bank borrowings	340,089	147,777
Interest expense for other borrowings	71,607	50,675
Interest and finance charges paid/payable for lease liabilities (Note 13)	731	184
Amortisation of transaction costs for borrowings	11,805	13,843
Foreign exchange losses on financing activities	124,742	779,563
Interest expense due to a related party (Note 26(a))	—	3,619
Total	<b>548,974</b>	<b>995,661</b>

### 11 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
Current income tax		
– China corporate income tax	41,072	25,109
– PRC withholding tax	26,390	9,165
Deferred income tax (Note 20)	63,995	97,800
Total	<b>131,457</b>	<b>132,074</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments	Office supplies	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2022				
Opening net book amount as at				
1 January 2022	2,158,000	263	451	2,158,714
Additions	8,395	—	—	8,395
Depreciation	(42,868)	(15)	—	(42,883)
Fair value gains on revaluation	78,473	—	—	78,473
Closing net book amount as at				
30 June 2022	2,202,000	248	451	2,202,699
At 30 June 2022				
At fair value	2,202,000	—	—	2,202,000
At cost	—	248	451	699
Total	2,202,000	248	451	2,202,699
Six months ended 30 June 2023				
Opening net book amount as at				
1 January 2023	2,183,000	244	439	2,183,683
Additions	8,565	—	—	8,565
Depreciation	(45,757)	—	—	(45,757)
Fair value losses on revaluation	(808)	—	—	(808)
Closing net book amount as at				
30 June 2023	2,145,000	244	439	2,145,683
At 30 June 2023				
At fair value	2,145,000	—	—	2,145,000
At cost	—	244	439	683
Total	2,145,000	244	439	2,145,683

If hotel and serviced apartments had not been revalued, it would have been included in the interim condensed consolidated financial information at historical cost less accumulated depreciation of RMB1,399,920,000 (31 December 2022: RMB 1,428,462,000).

As at 30 June 2023, property, plant and equipment with an aggregate carrying amount of approximately RMB1,910 million (31 December 2022: RMB 1,944 million) were pledged as collateral for the Group's bank borrowings (Note 23).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following table analyses the property, plant and equipment carried at fair value:

	Six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
Opening balance	2,183,000	2,158,000
Additions	8,565	8,395
Depreciation	(45,757)	(42,868)
Unrealised (losses)/gains recognised in reserve	(808)	78,473
Closing balance	2,145,000	2,202,000
Unrealised (losses)/gains for the period included in other comprehensive (loss)/income for assets held at the end of the period	(808)	78,473

#### VALUATION PROCESSES OF THE GROUP

The Group measures the building portion of hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Colliers International (Hong Kong) Limited ("Colliers"), being independent qualified valuer not related to the Group as at 30 June 2023 and 31 December 2022.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### VALUATION TECHNIQUES

Fair value of the building portion of hotel and serviced apartments of Guangzhou International Financial Centre ("Guangzhou IFC") is derived using depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portion of hotel and serviced apartments of Guangzhou IFC which includes building costs, finance costs and professional fee. Depreciation is also considered to reflect the physical deterioration, functional and economic obsolescence to derive the fair value.

The overall fair value (including land and building portions) of hotel and serviced apartments in mainland China is generally derived using the discounted cash flow analysis. Due to lack of land transaction in market, fair value of land, for disclosure purpose only as set out in Note 13, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the fair value under depreciated replacement cost method.

In the course of discounted cash flow analysis, both income and expenses over the coming ten years from the date of valuation are itemised and projected annually taking into account the rental revenue, associated revenues and the expected growth of income and expenses. The net cash flow over the ten year period is discounted at an appropriate rate of return.

The net cash flow from eleventh year onwards to the expiry date of the land use rights from the government under which both portions are held is capitalised at a market yield expected for the particular type of property investment in the market.

The building portion of hotel and serviced apartments in property, plant and equipment are included in Level 3 (31 December 2022: Level 3) of the fair value hierarchy.

### 13 LEASE

	Land use rights RMB'000	Staff quarter RMB'000	Total RMB'000
<b>Right-of-use assets</b>			
At 1 January 2022	1,232,114	9,146	1,241,260
Depreciation	(24,642)	(4,987)	(29,629)
At 30 June 2022	1,207,472	4,159	1,211,631
At 1 January 2023	1,182,832	32,916	1,215,748
Depreciation	(24,642)	(6,126)	(30,768)
At 30 June 2023	1,158,190	26,790	1,184,980

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 13 LEASE (CONTINUED)

#### LEASE LIABILITIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current portion	10,655	10,485
Non-current portion	16,771	22,517
Total	27,426	33,002

As at 30 June 2023, the fair value of land use rights is approximately RMB2,563 million (31 December 2022: RMB2,474 million). The change in fair value was not reflected in the interim condensed consolidated financial information.

As at 30 June 2023, rights-of-use assets were pledged with an aggregate net book amount of approximately RMB1,076 million (31 December 2022: RMB1,101 million) as collateral for the Group's bank borrowings (Note 23).

As at 30 June 2023 and 31 December 2022, all of the lease liabilities are due to 廣州越秀星寓公寓管理有限公司, a subsidiary of Yuexiu Property Company Limited ("YXP").

The interim condensed consolidated statement of comprehensive income shows the following amount relating to leases:

#### Depreciation charge of right-of-use assets

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Land use rights	24,642	24,642
Staff quarter	6,126	4,987
Total	30,768	29,629
Interest expense (included in finance expenses) (Note 10)	731	184

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Beginning of the period	37,702,232	37,657,000
Exchange differences	3,625	—
Additions	19,200	9,060
Fair value gains during the period, included in profit or loss under 'Fair value gains on investment properties'	666	13,940
End of the period	37,725,723	37,680,000
Fair value gains for the period included in profit or loss for assets held at the end of the period, under 'Fair value gains on investment properties'	666	13,940

The investment properties are located in mainland China and held on land use rights of 40 years to 50 years, expiring in 2045 through 2055. The investment properties located in Hong Kong are held on land use rights of 198 years, expiring in 2127.

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB18,102,000 (six months ended 30 June 2022: RMB14,196,000) relating to investment properties that were vacant.

As at 30 June 2023, investment properties with an aggregate carrying value of approximately RMB3,851 million (31 December 2022: RMB3,847 million) were pledged as collateral for the Group's bank borrowings (Note 23).

#### VALUATION PROCESSES OF THE GROUP

The Group measures its investment properties at fair value. The investment properties were revalued by Colliers being independent qualified valuer not related to the Group as at 30 June 2023 and 31 December 2022.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14 INVESTMENT PROPERTIES (CONTINUED)

#### VALUATION PROCESSES OF THE GROUP (CONTINUED)

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

#### VALUATION TECHNIQUES

##### *Fair value measurements using significant unobservable inputs*

As at 30 June 2023 and 31 December 2022, Colliers mainly relied on the income capitalisation method as the primary approach and cross-checked by the market approach. The use of income capitalisation method is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation method is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The income capitalisation method is used to capitalise the unexpired rental incomes of contractual tenancies. It has also taken into account the reversionary market rents after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

The investment properties are included in Level 3 (31 December 2022: Level 3) of the fair value hierarchy.

### 15 DEFERRED ASSETS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Rental income is recognised on an accrued basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised within twelve months after the balance sheet date are classified as current assets. The balance of prepayments, deposits and other receivables mainly represents other tax prepayments, deposits for utilities and property maintenance fund. The deferred assets, prepayments, deposits and other receivables are mainly denominated in RMB.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 16 GOODWILL

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	859,868	859,868

### 17 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Current assets		
Interest rate swap contracts	11,566	37,254
Capped foreign exchange forward contracts	182,544	38,627
Foreign exchange forward contracts	50,179	24,124
Total	244,289	100,005
Non-current liabilities		
Foreign exchange forward contracts	—	23,151

The derivative financial instruments are classified as non-current assets or liabilities if the settlement date is beyond 12 months after the balance sheet date.

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 30 June 2023 were HK\$1,500,000,000 due on 21 December 2023 and HK\$2,800,000,000 due on 18 August 2023. The notional principal amounts of the outstanding foreign exchange forward contracts at 30 June 2023 were HK\$500,000,000 due on 21 December 2023 and HK\$1,120,000,000 due on 28 May 2024.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2023 were HK\$2,800,000,000 due on 21 August 2023.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 17 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair values of foreign exchange forward contracts, capped foreign exchange forward contracts and interest rate swap contracts are based on valuation of the instruments provided by the counterparty banks, which are determined by reference to the present values of the estimated future cash flows, taking into account market observable interest rate yield curves and forward exchange rates at each reporting date. If significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

### 18 TRADE AND LEASE RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade and lease receivables	57,536	33,438
Less: allowance	(656)	(765)
Trade and lease receivables, net	<b>56,880</b>	32,673

The fair values of trade and lease receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The aging analysis of trade and lease receivables by invoice date is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
0 - 30 days	51,818	19,520
31 - 90 days	3,893	12,025
91 - 180 days	910	925
181 - 365 days	292	318
Over 1 year	623	650
Total	<b>57,536</b>	33,438

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The identified impairment loss was immaterial.

All of the Group's trade and lease receivables are denominated in RMB.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 19 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Current</b>		
Cash at bank and on hand	2,598,119	1,154,625
Short-term bank deposits with original maturity of less than three months	159,111	179,148
Cash and cash equivalents	2,757,230	1,333,773
Short-term bank deposits with original maturity of more than three months but less than twelve months	30,000	20,000
Long-term bank deposits due in twelve months with original maturity of more than twelve months	20,000	—
Total	2,807,230	1,353,773
<b>Non-Current</b>		
Long-term bank deposits with original maturity of more than twelve months	—	30,000
Maximum exposure to credit risk	2,806,879	1,383,423

As at 30 June 2023, included in the long-term bank deposits, short-term bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,012,231,000 (31 December 2022: RMB949,818,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of mainland China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of long-term bank deposits, short-term bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 19 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (CONTINUED)

Long-term bank deposits, short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
RMB	1,012,582	950,168
HK\$	1,729,307	378,224
US\$	65,341	55,381
Total	<u>2,807,230</u>	<u>1,383,773</u>

### 20 DEFERRED TAX LIABILITIES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Beginning of the period	5,380,971	5,201,515
Deferred taxation charged to profit or loss (Note 11)	63,995	97,800
Deferred taxation (credited)/charged to reserve	(226)	21,978
End of the period	<u>5,444,740</u>	<u>5,321,293</u>

### 21 TRADE PAYABLES

The fair values of trade payables approximate their carrying amounts. The aging analysis of the trade payables by invoice date is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
0 - 30 days	12,011	15,038
31 - 90 days	5,113	7,630
91 - 180 days	1,224	2,402
181-365 days	1,208	115
Over 1 year	264	5
Total	<u>19,820</u>	<u>25,190</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Rental deposits		
Current portion	175,497	186,238
Non-current portion	218,199	209,987
Subtotal	393,696	396,225
Receipts in advance		
Current portion	87,550	96,553
Accrued urban real estate tax	72,679	60,702
Accrued withholding tax payable	17,610	11,285
Accrued surcharge tax	17,226	16,753
Construction payable	181,695	186,625
Transaction costs payable for the acquisition of Gain Force Investments Limited (the "Acquisition") (i)	7,731	7,731
Accruals for operating expenses	196,610	170,352
Accruals and other payables	493,551	453,448
Total	974,797	946,226

Notes:

- (i) On 23 December 2021, the Group completed the acquisition of the 100% equity interest in Gain Force Investments Limited, which is engaged in the leasing of Yuexiu Financial Tower, an International Grade A office building located in Guangzhou.
- (ii) The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate their fair values. Majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 23 BORROWINGS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Current</b>		
Current portion of long-term borrowings		
Bank borrowings		
- Secured (Note a)	115,000	85,000
- Unsecured	5,455,263	4,279,124
Total current portion of long-term borrowings	5,570,263	4,364,124
<b>Non-current</b>		
Long-term borrowings		
Bank borrowings		
- Secured (Note a)	2,699,400	1,234,400
- Unsecured	13,807,401	14,885,374
Other borrowings, unsecured (Note b)	5,415,419	3,785,383
Total long-term borrowings	21,922,220	19,905,157
Less: current portion of long-term borrowings	(5,570,263)	(4,364,124)
Non-current portion of long-term borrowings	16,351,957	15,541,033
Analysis into:		
- Unsecured	19,222,820	18,670,757
- Secured	2,699,400	1,234,400
Total	21,922,220	19,905,157

Note a:

As at 30 June 2023, bank loans of approximately RMB2,699 million (31 December 2022: RMB1,234 million) are secured by certain parts of Guangzhou IFC with carrying value of RMB6,837 million (31 December 2022: RMB6,892 million).

Note b:

On 2 February 2021, Yuexiu REIT MTN Company Limited ("REIT MTN"), a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$400 million principal amount of 2.65% notes due in February 2026 to investors under the MTN Programme, which was updated in January 2021.

On 28 May 2019 and 14 June 2019, REIT MTN, issued and sold HK\$770 million and HK\$350 million principal amount of 3.6% additional notes both due in May 2024 to investors under the MTN Programme.

On 24 March 2023, MOON KING LIMITED, a wholly owned subsidiary of Yuexiu REIT, issued and sold RMB1,500 million principal amount of 4.15% guaranteed notes due in March 2026.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 24 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
Beginning of the period	16,104,395	14,717,852
Issuance of units	84,400	3,276,892
Transfer from the interim condensed consolidated statement of comprehensive income	(334,771)	(478,091)
Distributions paid during the period	(190,448)	(457,835)
Special distribution for the Acquisition	—	(85,150)
End of the period	15,663,576	16,973,668

The movement of numbers of existing units is as below:

Units in issue ('000)	Six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
Beginning of the period	4,783,780	3,417,224
Rights issue for the Acquisition (the "Rights Issue") (Note a)	—	1,234,403
Manager's fee in form of units (Note b)	49,883	20,161
End of the period	4,833,663	4,671,788

Note a:

On 26 January 2022, total 1,234,403,038 units were issued on the basis of 37 units for every 100 units held on Rights Issue record date for HK\$3.20 per unit.

Note b:

During the period, 49,882,982 units were issued for the payment of manager's fee (2022: 20,160,589 units). Pursuant to the announcement of Yuexiu REIT dated 24 March 2023, RMB84,399,702 (equivalent to approximately HK\$96,274,156) of the manager's fee for the period from 1 July 2022 to 31 December 2022 to be settled in the form of units would be deferred and settled after the manager fee units reference date.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

#### (A) BASIC

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	95,184	(533,998)
Weighted average number of units in issue ('000)	4,810,789	4,485,448
Basic earnings/(losses) per unit (RMB)	0.02	(0.12)

#### (B) DILUTED

Diluted earnings/(losses) per unit based upon profit/(loss) 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 2023.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

#### (B) DILUTED (CONTINUED)

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	95,184	(533,998)
Weighted average number of units in issue ('000)	4,810,789	4,485,448
Adjustments for deferred units ('000) (Note)	254,809	—
Adjustments for manager's fee in form of units ('000)	54,187	—
Weighted average number of units for diluted earnings/(losses) per unit ('000)	5,119,785	4,485,448
Diluted earnings/(losses) per unit (RMB)	0.02	(0.12)

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 "Deferred Units"). The number of Deferred Units to be issued to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time.

Pursuant to the terms disclosed in the 2021 Circular, in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement (being HK\$3.67), which was made on 24 October 2021 in relation to the Acquisition, the issue price for the Deferred Units (the "Deferred Units Issue Price") shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per Unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between YXP, the Trustee and the Manager and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

The adjusted Deferred Units Issue Price is HK\$3.86 per Unit and the Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment.

The deferred units outstanding and manager's fee in form of units during the six-month period ended 30 June 2022 are not included in the calculation of diluted losses per unit because they are antidilutive for the period ended 30 June 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

As at 30 June 2023, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 37% (31 December 2022: 41%) of Yuexiu REIT's units. The remaining 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 2023:

Connected/related companies	Relationship with Yuexiu REIT
YXP <sup>1</sup>	A major unitholder of Yuexiu REIT
The Manager <sup>1</sup>	An associate of YXP
GZ IFC Management	An associate of YXP
Yicheng BM <sup>1</sup>	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") <sup>1</sup>	A subsidiary of YXP
Baima BM <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Xingye Property Agent Ltd. ("Xingye") <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction and Development Co., Ltd. ("GCCD") <sup>1</sup>	A subsidiary of YXP
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") <sup>1</sup>	Immediate holding company of Yue Xiu
Guangzhou Yuexiu Enterprises (Holdings) Ltd. ("YXE") <sup>1</sup>	A subsidiary of GZYX
Guangzhou Yuexiu Capital Holdings Group Co., Ltd. ("GZYCHG") <sup>1</sup>	A subsidiary of GZYX
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") <sup>1</sup>	A major shareholder of YXP
Guangzhou City Construction and Development Group Co., Ltd. ("GCCD BVI") <sup>1</sup>	A subsidiary of YXE
Guangzhou Grandcity Development Ltd. <sup>1</sup>	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL") <sup>1</sup>	A subsidiary of YXP
Guangzhou Suiqiao Development Co., Ltd. ("Suiqiao") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
Guangzhou Yuexiu Financial Leasing Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou Yuexiu Capital Holdings Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
Guangzhou Yue Xiu Enterprises Development Ltd. <sup>1</sup>	A subsidiary of YXE
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("Yue Tong") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ("Yue Peng") <sup>1</sup>	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited <sup>1</sup>	A subsidiary of Yue Xiu
Yuexiu Transport Infrastructure Limited ("Yuexiu Transport") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited ("Chong Hing Bank") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Paper Group Ltd. <sup>1</sup>	A subsidiary of YXE
Guangzhou Futures Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
廣州市祥港房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市宏錦房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州東耀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 <sup>1</sup>	A subsidiary of GZYX
廣州鵬燁貿易有限公司 <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Financial Technology Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
Shanghai Yuexiu Finance Leasing Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
武漢康景實業投資有限公司 <sup>1</sup>	A subsidiary of YXP
廣州城建開發設計院有限公司 <sup>1</sup>	A subsidiary of GZYX
廣州越秀商業地產經營管理有限公司 <sup>1</sup>	A subsidiary of YXP
Yue Xiu Consultants (Shenzhen) Co., Ltd. <sup>1</sup>	A subsidiary of Yue Xiu
杭州越秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州越榮房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Connected/related companies	Relationship with Yuexiu REIT
杭州盛寅房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州豐勝房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州杭秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州越嘉房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
武漢越秀商業管理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市品秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Business Operation Management Co., Ltd. <sup>1</sup>	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州雋越房地產開發有限責任公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀資本投資管理有限公司 <sup>1</sup>	A subsidiary of GZYCHG
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
廣州悅秀智訊科技信息諮詢有限公司 <sup>1</sup>	A subsidiary of YXP
廣州白馬電子商務股份有限公司 <sup>1</sup>	A subsidiary of YXE
廣州城建開發裝飾有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀城開房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司 <sup>1</sup>	A subsidiary of YXP
廣期資本管理(上海)有限公司 <sup>1</sup>	A subsidiary of GZYCHG
廣州資產管理有限公司 <sup>1</sup>	A subsidiary of GZYCHG
廣州東秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀華城房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州皇上皇集團股份有限公司 <sup>1</sup>	A subsidiary of YXE
廣州風行乳業股份有限公司 <sup>1</sup>	A subsidiary of YXE
金鷹基金管理有限公司 <sup>1</sup>	A subsidiary of GZYCHG
廣州宏勝房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州裕秀房地產開發有限公司	An associate of YXP

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Connected/related companies	Relationship with Yuexiu REIT
廣州越冠房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州匯城實業發展有限公司 <sup>1</sup>	A subsidiary of YXP
廣州敏秀房地產開發有限公司 <sup>1</sup>	A joint venture of YXP
廣州南方智媒產業園有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越富房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市品蒼房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越宏房地產開發有限公司	An associate of YXP
廣州市佰城投資發展有限公司 <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Foods Group Co., Ltd. ("Yuexiu Foods") <sup>1</sup>	A subsidiary of YXE
廣州越秀發展集團有限公司 <sup>1</sup>	A subsidiary of YXE
廣州越創智數信息科技有限公司 <sup>1</sup>	A subsidiary of YXP
廣州皇上皇食品商貿有限公司 <sup>1</sup>	A subsidiary of YXE
廣州市品輝房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市品悅房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州鳴泉居會議中心有限公司 <sup>1</sup>	A subsidiary of GZYX
廣州市悅冠智能科技有限公司 <sup>1</sup>	A subsidiary of YXP
廣州悅秀會信息科技有限公司 <sup>1</sup>	A subsidiary of YXP
輝山乳業(瀋陽)銷售有限公司 <sup>1</sup>	A subsidiary of YXE
廣州市品臻房地產開發有限公司	An associate of YXP
廣州越建工程管理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市穗港澳合作交流促進會 <sup>1</sup>	A subsidiary of YXP
湖北悅秀蒼房地產經紀有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越達投資有限責任公司 <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYCHG
廣州越創房地產開發有限公司	An associate of YXP

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Connected/related companies	Relationship with Yuexiu REIT
Dragon Yield Holding Limited ("Dragon Yield") <sup>1</sup>	A subsidiary of YXP
The Trustee	The Trustee of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee
Yue Xiu Securities Company Limited <sup>1</sup>	A subsidiary of GZYY

Note:

- 1 These connected companies are also considered as related companies of the Group. Transactions and balances carried out with these related companies are disclosed in notes (a) and (b) below.

#### (A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Asset management fee paid/payable to		
- the Manager (note ii)	83,432	82,130
Management fee paid/payable to		
- Yicheng BM	13,164	13,068
- Baima BM	3,231	1,900
- GZ IFC Management	8,348	8,913
Rental income received/receivable from		
- Xingye	1,877	3,222
- Yicheng BM	3,837	3,828
- GCCD	8,126	8,060
- YXE	7,212	9,473
- Suiqiao	282	282
- Guangzhou Futures Co., Ltd.	426	1,597
- Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	493	500
- GZ JLL	9,594	8,482
- Guangzhou Yuexiu Financial Leasing Co., Ltd.	6,728	6,375
- GZ IFC Management	5,317	5,664

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES (CONTINUED)

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Rental income received/receivable from		
- Guangzhou Yuexiu Capital Holdings Co., Ltd.	11,286	10,348
- Yue Tong	1,028	437
- Yue Peng	375	375
- Yuexiu (China) Transport Infrastructure Investment Company Limited	—	593
- Guangzhou Paper Group Ltd.	138	140
- Chong Hing Guangzhou	7,825	6,637
- Chong Hing Shanghai	2,567	2,332
- 廣州市城建開發集團名特網絡發展有限公司	847	883
- 廣州鵬燁貿易有限公司	761	593
- Guangzhou Yuexiu Financial Technology Co., Ltd.	201	181
- Shanghai Yuexiu Finance Leasing Co., Ltd.	2,958	3,205
- 武漢越秀商業管理有限公司	1,484	2,229
- 武漢康景實業投資有限公司	—	2,250
- 廣州城建開發設計院有限公司	831	831
- 廣州越秀商業地產經營管理有限公司	323	333
- 廣州越秀資本投資管理有限公司	2,096	2,063
- 杭州越秀房地產開發有限公司	2,646	2,909
- Guangzhou Yuexiu Business Operation Management Co., Ltd.	3	9
- 廣州悅秀智訊科技信息諮詢有限公司	1,096	1,096
- 廣州匯城實業發展有限公司	—	3,539
- 廣州城建開發工程造價諮詢有限公司	331	331
- 廣州城建開發裝飾有限公司	303	364
- 廣期資本管理(上海)有限公司	1,578	2,042
- 廣州資產管理有限公司	8,763	8,282
- 廣州越達投資有限責任公司	3,584	3,584
- Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	813	799
- Yuexiu Foods	—	117
- 廣州東秀房地產開發有限公司	—	1,513
- 湖北悅秀薈房地產經紀有限公司	—	11

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES (CONTINUED)

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Rental income received/receivable from		
- 廣州越秀城開房地產開發有限公司	5,395	4,805
- 廣州越秀華城房地產開發有限公司	20,004	16,145
- 廣州越宏房地產開發有限公司	4,368	4,368
- 廣州市佰城投資發展有限公司	4,361	4,361
- GZYX	26,254	18,018
- 廣州越秀發展集團有限公司	138	23
- 廣州越創智數信息科技有限公司	178	165
- 廣州皇上皇集團股份有限公司	—	345
- 廣州皇上皇食品商貿有限公司	—	167
- 廣州風行乳業股份有限公司	—	185
- 杭州杭秀房地產開發有限公司	528	528
- 杭州越嘉房地產開發有限公司	1,073	1,073
- 金鷹基金管理有限公司	3,973	3,973
- 廣州宏勝房地產開發有限公司	2,346	2,346
- 廣州裕秀房地產開發有限公司	—	825
- 廣州市品輝房地產開發有限公司	833	820
- 廣州越冠房地產開發有限公司	3,102	2,996
- 廣州敏秀房地產開發有限公司	—	1,413
- 廣州南方智媒產業園有限公司	—	942
- 廣州越創房地產開發有限公司	—	626
- 廣州樾富房地產開發有限公司	—	1,012
- 廣州市品悅房地產開發有限公司	1,662	1,128
- 廣州市穗港澳合作交流促進會	190	186
- 廣州市品薈房地產開發有限公司	233	1,776
- 廣州鳴泉居會議中心有限公司	35	—
- 廣州市品臻房地產開發有限公司	2,844	—
- 廣州市悅冠智能科技有限公司	39	—
- 廣州悅秀會信息科技有限公司	6	—
- 輝山乳業(瀋陽)銷售有限公司	243	—
- YXP	815	—
- the Manager	408	—
- Yuexiu Transport	408	—
- 廣州越建工程管理有限公司	743	—

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES (CONTINUED)

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Naming right income received/receivable from - YXP	10,000	10,000
Principal element of lease payments paid to - 廣州越秀星寓公寓管理有限公司	6,083	5,581
Trustee's fee paid/payable to - Trustee	6,351	6,350
Interest expense paid/payable to - the HSBC Group	8,141	6,204
- the Chong Hing Bank	—	2,496
- YXP	—	3,619
Bond underwriter's fee paid/payable to - the HSBC Group	1	1
- the Chong Hing Bank	14	—
- Yue Xiu Securities Company Limited	19	—
Interest income received/receivable from - the Chong Hing Bank	363	442
- the HSBC Group	14	—
- GCCD	1,712	1,712

Notes:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements governing the transactions.
- (ii) The Manager's fee is calculated as the 0.3% per annum of the carrying value of the deposited property as defined in the Trust Deed; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed (Note 8).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (B) BALANCES WITH RELATED COMPANIES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Amount due from GCCD (i)	42,033	42,063
Amount due from YXP	10,000	—
Amount due from GCD (China)	5,187	3,165
Amount due to Yicheng BM	14,650	4,992
Amount due to Baima BM	12,139	36,337
Amount due to the Manager	83,716	84,670
Amount due to GZ IFC Management	3,379	3,517
Amount due to GCD (China)	1,564	1,519
Amount due to GCCD BVI	10,000	10,000
Amount due to YXP	1,001	1,001
Bank deposit in Chong Hing Bank	4,525	54,304
Bank borrowing from the HSBC Group	316,933	348,375
Derivative financial instrument from HSBC Group	3,490	8,476
Rental income receivables from related companies	1,250	2,294
Receipts in advance from related companies	6,690	4,538
Rental deposits from related companies (ii)	87,245	88,012
Trade payable to related companies	1,797	2,387

Except for an amount due from GCCD of approximately RMB40 million (31 December 2022: RMB40 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free and repayable on demand. All the balances are denominated in RMB and reasonable approximation to their fair values.

Notes:

- (i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction costs related to the construction of Guangzhou IFC. The receivable balance of RMB40 million (2022: RMB40 million) as at the end of the period represents the initial amount transferred to GCCD less the settlement of construction payable. To the extent that there are residual funds after settlement of all outstanding construction costs, GCCD will be required to refund the surplus cash to Tower Top after the settlement of such costs.
- (ii) Rental deposits from related companies are included as rental deposits in the consolidated balance sheet.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (C) KEY MANAGEMENT COMPENSATION

There was no key management compensation for the period ended 30 June 2023 (six months ended 30 June 2022: Nil).

### 27 CAPITAL COMMITMENTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	33,227	32,404

### 28 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2023 and 31 December 2022, the Group had future minimum rental receivables under non-cancellable leases as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within one year	1,312,835	1,258,688
Between one year and five years	1,752,763	1,705,440
Over five years	35,662	52,519
Total	3,101,260	3,016,647

## PERFORMANCE TABLE

	Unaudited 30 June 2023	Unaudited 30 June 2022	Unaudited 30 June 2021	Unaudited 30 June 2020	Unaudited 30 June 2019
Net assets attributable to Unitholders (RMB'000)	15,663,576	16,973,668	14,564,303	14,096,931	14,787,421
Net assets attributable to Unitholders per unit (RMB)	3.24	3.63	4.39	4.38	4.74
Equivalent to HK\$	3.51	4.26	5.27	4.80	5.39
The highest premium of the traded price to net asset value	N/A <sup>(i)</sup>	N/A <sup>(i)</sup>	N/A	HK\$0.55	HK\$0.24
The highest discount of the traded price to net asset value	HK\$2.12 <sup>(i)</sup>	HK\$1.27 <sup>(i)</sup>	HK\$1.57	HK\$1.60	HK\$0.44
Net earnings/(loss) yield per unit	1.19% <sup>(ii)</sup>	(3.89)% <sup>(ii)</sup>	2.00%	(2.04%)	4.17%
Number of units in issue	4,833,663,307 units	4,671,788,055 units	3,319,228,131 units	3,219,856,551 units	3,119,618,222 units

Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$2.73 (2022: HK\$3.47) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2023 to 30 June 2023. The highest discount is calculated based on the lowest traded price of HK\$1.39 (2022: HK\$2.99) on the Stock Exchange during the period from 1 January 2023 to 30 June 2023.
- (ii) Net earnings/(loss) yield per unit is calculated based on profit/(loss) after tax before transactions with Unitholders per unit for the period from 1 January 2023 to 30 June 2023 over the traded price of HK\$1.67 as at 30 June 2023 (2022: HK\$3.06) on the Stock Exchange.

# CORPORATE AND INVESTOR RELATIONS INFORMATION

## BOARD OF DIRECTORS OF THE MANAGER

### EXECUTIVE DIRECTORS

Mr. Lin Deliang (*Chairman*)  
Ms. Ou Haijing

### NON-EXECUTIVE DIRECTORS

Mr. Li Feng  
Mr. Zeng Zhizhao

### INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek  
Mr. Chan Chi Fai, Brian  
Mr. Cheung Yuk Tong  
Mr. Chen Xiaoou

### RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Lin Deliang  
Mr. Kwan Chi Fai  
Ms. Ou Haijing

## COMPANY SECRETARY OF THE MANAGER

Mr. Yu Tat Fung

## TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

## AUDITOR OF YUEXIU REIT

Ernst & Young  
Certified Public Accountants

## PRINCIPAL VALUER

Colliers International (Hong Kong) Limited

## HONG KONG LEGAL ADVISOR

Baker & McKenzie

## WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

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

## PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited  
Bank of Communications (Hong Kong) Limited  
China Merchants Bank Co., Ltd.  
CMB Wing Lung Bank Limited  
DBS Bank Ltd.  
Industrial and Commercial Bank of China (Asia) Limited  
Nanyang Commercial Bank Limited  
Ping An Bank Co., Ltd.  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited

## REGISTERED OFFICE OF THE MANAGER

17B  
Yue Xiu Building  
160 Lockhart Road  
Wanchai, Hong Kong

## UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F Far East Finance Center  
16 Harcourt Road  
Hong Kong

## LISTING EXCHANGE

### UNITS

The Stock Exchange of Hong Kong Limited  
Stock code: 00405

### BOND

The Stock Exchange of Hong Kong Limited  
US\$400,000,000 2.65% Notes due 2026  
Stock code: 40577

Chongwa (Macao) Financial Asset Exchange Company Limited  
RMB1,500,000,000 4.15% Guaranteed Notes due 2026  
Stock code: MOXLB2350

## INVESTOR RELATIONS

For further information about  
Yuexiu REIT, please contact:  
Mr. Jiang Yongjin  
Telephone: (852) 2593 2385  
Facsimile: (852) 2519 6473  
Email: [yxft.ir@yuexiureit.com](mailto:yxft.ir@yuexiureit.com)



# 越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

[www.yuexiureit.com](http://www.yuexiureit.com)

17B Yue Xiu Bldg., 160 Lockhart Road, Wanchai, Hong Kong

Manager



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