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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

**If you have sold or transferred** all your shares in Yuexiu Property Company Limited you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

- (1) MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 100% OF THE TARGET COMPANY WHICH OWNS A COMMERCIAL PROPERTY IN GUANGZHOU;**
- (2) MODIFICATION OF DEFERRED UNITS ARRANGEMENT;**
- (3) NOTICE OF GM; AND**
- (4) CLOSURE OF REGISTER OF MEMBERS**

A notice convening the GM (as defined herein) of the Company to be held at 9:30 a.m. on 6 December 2021 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong as set out on pages GM-1 and GM-2 of this circular. Whether or not you are able to attend the GM, please complete and sign the form of proxy for use at the GM in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting thereof (as the case may be). Please see page ii of this circular for precautionary measures that the Company will implement at the GM in consideration of the continuing risk posed by coronavirus disease (COVID-19), including:

- compulsory wearing of face masks and any attendees who do not wear face masks may be requested to leave or denied entry into the GM venue;
- scanning of the "LeaveHomeSafe" venue QR code or registering contact details in written forms;
- compulsory hand sanitizing before entry into the GM venue;
- body temperature checks/screening before entry into the waiting area outside the GM venue; and
- **no** food and beverage service and **no** handing out of gift coupons or souvenirs.

**The Company would like to remind all Shareholders (as defined herein) that physical attendance at the GM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the GM as their proxy to vote on the relevant resolution(s) at the GM instead of attending the GM in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.**

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## PRECAUTIONARY MEASURES FOR GM

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In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the GM, the Company will implement the following precautionary measures at the GM:—

- (1) All attendees must wear face masks at all times inside the GM venue or at the waiting area outside the GM venue. Any attendees who do not wear face masks may be requested to leave or denied entry into the GM venue.
- (2) All attendees must scan the “LeaveHomeSafe” venue QR code or register his/her name, contact number and the date and time of visit prior to entry into the GM venue.
- (3) All attendees must clean their hands with alcohol-based hand sanitizer before entering the GM venue.
- (4) Body temperature checks/screening will be conducted on all persons before they enter the waiting area outside the GM venue. Any person with a body temperature of over 37.2 degrees Celsius may be requested to leave or denied entry into the GM venue.
- (5) **No** food and beverage service will be provided and there will be **no** handing out of gift coupons or souvenirs.
- (6) Attendees may need to confirm that (i) he/she has not travelled outside of Hong Kong within 14 days immediately before the GM (“Recent Travel History”); (ii) he/she is not subject to any HKSAR Government prescribed quarantine requirement; (iii) to his/her knowledge, he/she has not, within 14 days immediately before the GM, had close contact with any person under quarantine or with Recent Travel History; and (iv) he/she has no flu-like symptoms. Any person who fails to provide the required confirmation, or if he/she has shown flu-like symptoms, may be requested to leave or denied entry into the GM venue.
- (7) Only a limited number of seats will be available, with no standing arrangement, in the GM venue in order to ensure social distancing and therefore, where necessary, the Company may limit the number of attendees entering the GM venue.

The Company will continue to monitor how the COVID-19 outbreak develops and may adopt additional measures.

The Company reminds attendees that they should carefully consider their own health/personal circumstances before they decide to attend the GM in person. The Company would like to remind all Shareholders that physical attendance at the GM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the GM as their proxy to vote on the relevant resolution at the GM instead of attending the GM in person. Completion and return of the proxy forms will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

The proxy form is attached to this circular for registered Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the “Investor Relations” section of the Company’s website at [www.yuexiuproperty.com](http://www.yuexiuproperty.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk). If you are not a registered Shareholder (if your shares are held via banks, brokers or custodians), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

If Shareholders choosing not to attend the GM in person have any questions about the relevant resolution, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via email: [ir@yuexiuproperty.com](mailto:ir@yuexiuproperty.com).

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## TIMETABLE

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### EXPECTED TIMETABLE FOR THE DISPOSAL AND THE GM

Despatch of GM circular and the GM Notice ..... 13 November 2021

Latest time for lodging transfer documents for entitlements  
to the right to attend and vote at the GM ..... Tuesday, 30 November 2021

GM ..... 9:30 a.m. on Monday, 6 December 2021

Announcement of voting results of the GM ..... Monday, 6 December 2021

*Notes:*

- (1) Shareholders should note that the dates or deadlines specified in the expected timetable for the Disposal and the GM as set out above, and in other parts of this circular, are indicative only. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers it appropriate to do so. The Company will make an circular to notify Shareholders and the Stock Exchange of any such extension or adjustment to the expected timetable.
  
- (2) All time and dates in this circular refer to Hong Kong local time and dates.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“2012 Circular”	the circular dated 30 June 2012 issued by Yuexiu REIT to Unitholders in respect of, among other things, the acquisition of Guangzhou IFC
“2021 Deferred Units”	the deferred units to be issued by Yuexiu REIT to the Company (or its nominee) on 31 December 2021 in accordance with the Indebtedness Agreement for settlement of the balance of the Guangzhou IFC Consideration, which is more fully described in the 2012 Circular
“Acquisition Deed”	the deed in respect of the Acquisition dated 24 October 2021 and entered into between the Purchaser, the Vendor and the Company
“Additional EIT Withheld Amount”	has the meaning ascribed to this term under the paragraph headed “EIT Segregated Account”
“Agreed Disposal Amount”	has the meaning ascribed to this term in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“Announcement”	the announcement of the Company dated 24 October 2021 in relation to (1) the Disposal of 100% of the Target Company which owns a commercial property in Guangzhou and (2) the Deferred Units Arrangement Modification
“Appraised Value”	RMB8,030 million, being the value of the Property as at 31 August 2021 as appraised by the Independent Property Valuer
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong
“BVI”	the British Virgin Islands
“close associate”	has the meaning ascribed to this term in the Listing Rules
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)

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## DEFINITIONS

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“Company Entitlement Units”	477,213,797 Rights Issue Units to be provisionally allotted to the Company in respect of the Units held by it pursuant to the Rights Issue
“Completion Date”	the date on which Disposal Completion takes place
“Completion Statement”	the combined statement of financial position and combined statements of comprehensive income of the Target Group as at the close of business on the Completion Date, which will be prepared and delivered by the Purchaser and agreed by the Vendor, the Purchaser and the Manager within two days of the Vendor’s receipt thereof and, failing such agreement, audited by PricewaterhouseCoopers or such other auditors appointed by the Vendor or the Purchaser
“Deferred Offshore Repayment Amount”	has the meaning ascribed to this term in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“Deferred Unit(s)”	the deferred Unit(s) to be issued by Yuexiu REIT to the Company (or its nominee) for settlement of the balance of the Guangzhou IFC Consideration, which is more fully described in the 2012 Circular
“Deferred Units Adjustment Events”	the events that would cause the Deferred Units Issue Price to be adjusted under the Indebtedness Agreement, namely consolidation, sub-division or reclassification of the Units and rights issues of Units or other securities (including open offers and options) at a discount greater than 10% of the Relevant Market Price
“Deferred Units Arrangement”	has the meaning ascribed to this term in the paragraph headed “Deferred Units Arrangement Modification”
“Deferred Units Arrangement Modification”	the modification to the mechanism relating to the number of Deferred Units to be issued under the Indebtedness Agreement, as more particularly described in the paragraph headed “Modification of Deferred Units Arrangement”
“Deferred Units Issue Date”	each of the dates on which the Deferred Units are issued, being 31 December of each year commencing from 31 December 2016 until the Deferred Units have been fully issued

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## DEFINITIONS

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“Deferred Units Issue Price”	being HKD4.00, subject to adjustments for the events that would cause the Deferred Units Issue Price to be adjusted under the Indebtedness Agreement, namely consolidation, sub-division or reclassification of the Units and rights issues of Units or other securities (including open offers and options) at a discount greater than 10%
“Deferred Units Issue Price Adjustment”	the adjustment to the Deferred Units Issue Price in respect of the Deferred Units and rights issues to be issued following Rights Issue Completion, as more particularly described in the paragraph headed “Adjustments to Deferred Units Issue Price”
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal by the Vendor of the Property to Yuexiu REIT (through the Purchaser) through the sale of the Sale Shares pursuant to the Acquisition Deed
“Disposal Completion”	Completion of the Disposal pursuant to the Acquisition Deed
“Disposal Condition(s)”	has the meaning ascribed to this term in the paragraph headed “Conditions Precedent under the Acquisition Deed”
“Disposal Consideration”	has the meaning ascribed to this term in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“Dragon Yield”	Dragon Yield Holding Limited (越龍控股有限公司), a BVI business company incorporated in the BVI and which is directly wholly-owned by the Company and is a substantial unitholder (as defined under the REIT Code) of Yuexiu REIT holding approximately 35.09% of the issued Units
“EIT”	the PRC Enterprise Income Tax
“EIT Segregated Account”	has the meaning ascribed to it in the paragraph headed “EIT Segregated Account”
“EIT Withheld Amount”	RMB10,000,000
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate(s)
“GCCDL”	Guangzhou City Construction & Development Co. Ltd.* (廣州市城市建設開發有限公司), a company incorporated in the PRC, which is the original developer of the Property and a 95%-owned subsidiary of the Company

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## DEFINITIONS

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“General Partner”	Guangzhou Junsheng Economic Information Consultancy Company Limited* (廣州駿盛經濟信息諮詢有限公司), a company incorporated in the PRC that is wholly-owned by the Limited Partner
“GM”	the general meeting of the Shareholders to be convened to consider, and, if thought fit, to pass the relevant resolution in relation to the Disposal, including the approval of the Acquisition Deed and the Deferred Units Arrangement Modification
“Group”	the Company and its subsidiaries
“Guangzhou IFC”	means “Guangzhou International Finance Center” (廣州國際金融中心), located at No. 5 Zhujiang West Road, Tianhe District, Guangzhou, Guangdong Province, PRC
“Guangzhou IFC Consideration”	the consideration payable to the Company in relation to Yuexiu REIT’s acquisition of Guangzhou IFC
“Guangzhou Metro”	廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.*), a directly wholly-owned subsidiary of Guangzhou Municipal People’s Government of the PRC
“GZYX”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司), a limited liability company incorporated in the PRC which is majority owned by the Guangzhou Municipal People’s Government of the PRC
“HIBOR”	the rate of interest offered on Hong Kong dollars loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year
“HKD” or Hong Kong dollar(s)	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indebtedness Agreement”	the indebtedness agreement dated 28 May 2012 between the Company (as assignor), the Trustee (as assignee, on behalf of Yuexiu REIT and acting on the instructions of the Manager) and the Manager (as amended and supplemented by the Supplemental Indebtedness Agreement)
“Independent Property Valuer”	Colliers International (Hong Kong) Limited

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## DEFINITIONS

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“Independent Shareholder(s)”	shareholder(s) other than: (i) any Shareholder who has a material interest in the Disposal and/or the Deferred Units Arrangement Modification other than its interest as a Shareholder; and (ii) any close associate of such Shareholder referred to in (i)
“Initial Payment”	has the meaning ascribed to this term under the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“Intercompany Payables”	collectively, the Offshore Payables and the Onshore Payables
“Intermediary Entities”	collectively, the Limited Partner, the General Partner, the Limited Liability Partnership and, before the completion of the Reverse Merger, the PRC Intermediary Companies
“Irrevocable Undertaking(s)”	the irrevocable undertaking(s) dated 24 October 2021 given by the Yue Xiu and the Company to the Manager, whereby the Yue Xiu and the Company undertook to, among other things, maintain their respective current beneficial unitholding of 71,261,585 Units and 1,289,767,022 Units, respectively, up to and including the Rights Issue Record Date and to accept and pay for, or procure the acceptance and payment for, Yue Xiu Entitlement Units and the Company Entitlement Units provisionally allotted to each of them
“Latest Practicable Date”	10 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Limited Liability Partnership”	Guangzhou Huisheng Industrial Investment Enterprise Partnership (Limited Partnership)* (廣州滙盛實業投資合夥企業(有限合夥)), a limited liability partnership established under the PRC laws pursuant to the limited liability partnership agreement dated 1 July 2021 entered into between the General Partner and the Limited Partner
“Limited Partner”	Legend Smart (China) Limited (駿邦(中國)有限公司), a company incorporated in Hong Kong which is indirectly wholly-owned by the Company as at the Latest Practicable Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Manager”	Yuexiu REIT Asset Management Limited, in its capacity as the manager of Yuexiu REIT, a company incorporated under the laws of Hong Kong and wholly-owned by the Company as at the Latest Practicable Date
“Manager Fee Unit(s)”	the Unit(s) issued to the Manager in satisfaction of all or part of the Manager’s fees from time to time
“Maximum Untaken Rights Issue Units”	the maximum number of untaken Rights Issue Units, being 730,822,457 Rights Issue Units, which represent the total number of Rights Issue Units minus the sum of the Company Entitlement Units and the Yue Xiu Entitlement Units, and assuming no change of number in the Units on or before the Rights Issue Record Date
“New Bank Facility”	the commitment letters entered into between the Manager and the lender banks on 19 October 2021 for the provision of a Hong Kong dollar denominated unsecured term loan facility up to an amount not exceeding HKD4,600 million
“Offshore Payables”	the amount owing from the Limited Partner to the Company, which is expected to be approximately RMB7,000,000,000 immediately prior to Disposal Completion
“Offshore Repayment Amount”	has the meaning ascribed to it in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“One-Off Fees and Charges”	the total fees and charges payable in relation to the Disposal, including the one-time additional fee by the Trustee for duties undertaken by it in connection with the Disposal, advisory fees, professional fees and expenses that are incidental to the Disposal but does not include expenses that occur due to the Rights Issue, which are estimated to amount to approximately RMB64.5 million
“Onshore Payables”	the amount owing from the General Partner to Guangzhou Grandcity Development Ltd.* (廣州宏城發展有限公司) being a subsidiary of the Company, which is expected to be approximately RMB800,000,000 immediately prior to Disposal Completion
“Onshore Repayment Amount”	has the meaning ascribed to it in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”

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## DEFINITIONS

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“Placee(s)”	any individual, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be a party acting in concert with the Yuexiu Concert Group or any of its members, and shall be Placing Independent Third Party(ies) of Yuexiu REIT or the Manager, procured by the Placing Agents and/ or its sub-placing agent(s) to subscribe for any of the Placing Units pursuant to the Placing Agreement
“Placing Agents”	DBS Asia Capital Limited, BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited and Yue Xiu Securities Company Limited, each being a placing agent appointed by the Manager to place any Placing Unit under the arrangement involving the placing of the Unsubscribed Rights Issue Units, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Yuexiu REIT’s obligations under Rule 7.21(1)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 24 October 2021 entered into between the Manager and the Placing Agents in relation to placing of the Placing Units
“Placing Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) who, as far as the directors of Yuexiu REIT are aware after having made all reasonable enquiries, are not connected persons of Yuexiu REIT and are third parties independent of Yuexiu REIT and its connected persons within the meaning of the REIT Code and the Listing Rules (modified as appropriate pursuant to the REIT Code)
“Placing Unit(s)”	the Unsubscribed Rights Issue Units, the Rights Issue Unit(s) which would otherwise has/have been provisionally allotted to the Rights Issue Non-Qualifying Unitholder(s) in nil-paid form that has/have not been sold by Yuexiu REIT, and/or unsold fractions of the Rights Issue Units
“PRC”	the People’s Republic of China but excluding, for the purposes of this circular, Hong Kong, Taiwan and the Macao Special Administrative Region

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## DEFINITIONS

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“PRC Intermediary Companies”	Guangzhou Lingsheng Economic Information Consultancy Company Limited* (廣州領盛經濟信息諮詢有限公司), Guangzhou Chuangsheng Economic Information Consultancy Company Limited* (廣州創盛經濟信息諮詢有限公司), Guangzhou Hongsheng Economic Information Consultancy Company Limited* (廣州弘盛經濟信息諮詢有限公司), and Guangzhou Kaisheng Economic Information Consultancy Company Limited* (廣州凱盛經濟信息諮詢有限公司), being companies incorporated in the PRC each of which is the direct owner of a Project Company respectively as at the Latest Practicable Date
“Pro Forma Completion Statement”	the pro forma statement of financial position of the Target Group as at the close of business on Completion Date, to be delivered by the Vendor at least four Business Days prior to the Completion Date
“Project Companies”	collectively, Guangzhou Jiayao Real Estate Co., Ltd.* (廣州佳耀置業有限公司), Guangzhou Jinyao Real Estate Co., Ltd.* (廣州晉耀置業有限公司), Guangzhou Jingyao Real Estate Co., Ltd.* (廣州景耀置業有限公司) and Guangzhou Yuyao Real Estate Co., Ltd.* (廣州譽耀置業有限公司), being companies incorporated in the PRC and the direct owners of the Property
“Property”	the property subject to the Disposal, particulars of which have been provided in the paragraph headed “Information of the Property and the Target Group”
“Purchaser”	Yuexiu REIT 2018 Company Limited, a BVI business company incorporated in the BVI and a SPV wholly-owned by of Yuexiu REIT
“REIT”	real estate investment trust
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being
“REIT Connected Leasing Transactions”	the leasing and licensing transactions entered or to be entered into by the members of the Yuexiu REIT Group and GZYX and its subsidiaries and associates (as defined in the REIT Code) (which, for the avoidance of doubt, excludes the Yuexiu REIT Group)

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## DEFINITIONS

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“REIT EGM”	the extraordinary general meeting of Unitholders of Yuexiu REIT to be convened by Yuexiu REIT to consider and, if thought fit, approve the REIT Transaction Matters Requiring Approval
“REIT Independent Unitholder(s)”	<p>(i) for the purpose of the REIT Matters Requiring Approval (other than the Whitewash Waiver), Unitholder(s) other than those who have a material interest in the relevant resolution(s) that is different from that of all other Unitholders, within the meaning of paragraphs 8.7F and 9.9(f) of the REIT Code, and who are entitled to vote at the REIT EGM; and</p> <p>(ii) for the purpose of the Whitewash Waiver and the Transaction Matters Requiring Approval, Unitholder(s) other than any Unitholder who is interested or involved in the Whitewash Waiver, the Disposal, the Placing Agreement and/or the Underwriting Agreement and the transactions contemplated thereunder</p>
“REIT Matters Requiring Approval”	collectively, the REIT Transaction Matters Requiring Approval and the REIT Connected Leasing Transactions under the Yuexiu Leasing Framework Agreement and the proposed annual caps applicable thereto for the financial years ending 31 December 2022 and 31 December 2023
“REIT Transaction Matters Requiring Approval”	the matters which require the approval of REIT Independent Unitholders at the REIT EGM being: (a) the Disposal and the transactions contemplated under the Acquisition Deed; (b) the entry into of the Underwriting Agreement and the transactions contemplated thereunder; (c) the entry into of the Placing Agreement and the transactions contemplated thereunder; (d) the Deferred Units Arrangement Modification and the entry into of the Second Supplemental Indebtedness Agreement and the transactions contemplated thereunder; and (e) the Whitewash Waiver
“Relevant Market Price”	has the meaning ascribed to it in the paragraph headed “Modification of Deferred Units Arrangement - Adjustments to Deferred Units Issue Price”

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## DEFINITIONS

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“Reorganisation”	certain steps undertaken by the Company prior to the Latest Practicable Date to restructure the holding structure of the Property, specifically: (a) the establishment of the Limited Liability Partnership by the General Partner and the Limited Partner; (b) the incorporation of the PRC Intermediary Companies; and (c) the transfer of the entire equity interest in the Project Companies from GCCDL to the PRC Intermediary Companies
“Repayment Amounts”	the aggregate amounts outstanding as at the Completion Date under the Offshore Payables owing from the Limited Partner to the Company and the Onshore Payables owing from the General Partner to Guangzhou Grandcity Development Ltd.* (廣州宏城發展有限公司), which are expected to be approximately RMB7,800,000,000 in total immediately prior to Disposal Completion
“Reverse Merger”	the PRC Intermediary Companies and the Project Companies entered into a merger agreement on 16 September 2021 pursuant to which the parties agreed to merge by the Project Companies’ absorption of the PRC Intermediary Companies
“Rights Issue”	the proposed rights issue by Yuexiu REIT on the basis of thirty seven (37) Rights Issue Units for every one hundred (100) existing Units held on the Rights Issue Record Date
“Rights Issue Completion”	the completion of the Rights Issue, which is currently expected to take place on or about Wednesday, 26 January 2022
“Rights Issue Non-Qualifying Unitholder(s)”	the Unitholder(s) with registered address(es) (as shown on the register of Unitholders on the Rights Issue Record Date) which is/are outside Hong Kong, whom the board of directors of the Manager, based on legal opinions provided by the Manager’s legal advisers, consider it necessary and expedient not to offer the Rights Issue to such Unitholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Rights Issue Offering Circular”	the offering circular to be despatched to the Unitholders in connection with the Rights Issue

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## DEFINITIONS

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“Rights Issue Offering Circular Despatch Date”	Friday, 17 December 2021 (or such other date as may be determined by the Manager), being the date of despatch of the Rights Issue Offering Documents to the Rights Issue Qualifying Unitholders (or the Rights Issue Offering Circular to the Rights Issue Non-Qualifying Unitholders for information only, as the case may be)
“Rights Issue Offering Documents”	collectively, the Rights Issue Offering Circular and the provisional allotment letter(s) for the Rights Issue
“Rights Issue Qualifying Unitholder(s)”	the Unitholder(s) whose names appear on the register of unitholders of Yuexiu REIT and any person holding Units through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited at 5:00 p.m. on the Rights Issue Record Date (other than the Rights Issue Non-Qualifying Unitholders)
“Rights Issue Record Date”	Thursday, 16 December 2021 (or such other date as may be determined by the Manager), being the date by reference to which entitlements of Unitholders to participate in the Rights Issue will be determined
“Rights Issue Subscription Price”	HKD3.20 per Rights Issue Unit under the Rights Issue
“Rights Issue Unit(s)”	the new Unit(s) to be allotted and issued by Yuexiu REIT under the Rights Issue
“RMB”	Renminbi, the official currency of the PRC
“Sale Shares”	all of the issued shares of the Target Company, representing the entire equity interest in the Target Company
“Second Supplemental Indebtedness Agreement”	the agreement dated 24 October 2021 entered into amongst the Company (as assignor), the Trustee and the Manager in respect of the Deferred Units Arrangement Modification which is conditional upon, among other things, the passing of an ordinary resolution approving the same
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Shareholder(s)”	any person(s) registered as holding an ordinary share on the register of members of the Company

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## DEFINITIONS

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“Share Consideration”	has the meaning ascribed to this term in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“SPV”	a special purpose vehicle that is owned and controlled by Yuexiu REIT in accordance with the REIT Code and the Trust Deed
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Indebtedness Agreement”	the supplemental agreement dated 27 June 2012 between the Trustee, the Manager and the Company for the purpose of (among other things) amending the issue price of the Deferred Units
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC (as amended from time to time)
“Target Company”	Gain Force Investments Ltd., a BVI business company incorporated in the BVI which is the indirect owner of the Project Companies, which in turn directly own the Property
“Target Group”	collectively, the Target Company, the Intermediary Entities and the Project Companies
“Target Group Adjusted NAV”	has the meaning ascribed to it in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“Trading Day”	a day on which, in the usual course, the Stock Exchange is open for the conduct of trading of securities
“True-up Payment”	has the meaning ascribed to it in the paragraph headed “Consideration, payment terms and basis of determination of the Disposal Consideration”
“Trust Deed”	the trust deed constituting Yuexiu REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as may be amended and supplemented from time to time
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of Yuexiu REIT. All references to the Trustee in this circular are, as the context may require, to the Trustee acting on behalf of Yuexiu REIT and on the instructions of the Manager

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## DEFINITIONS

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“Underwriter”	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a wholly-owned subsidiary of GZYY and the holding company of the Company
“Underwriting Agreement”	the underwriting agreement dated 24 October 2021 entered into between the Manager and the Underwriter in relation to the Rights Issue
“Unit”	one undivided unit in Yuexiu REIT
“Unitholder”	any person registered as holding a unit on the register of unitholders of Yuexiu REIT
“Unsubscribed Rights Issue Units”	those Rights Issue Units that are not subscribed by the Rights Issue Qualifying Unitholders under the provisional allotment letter(s) for the Rights Issue or renouncee(s) or transferee(s) of nil-paid rights or not
“Vendor”	Guangzhou Construction & Development Holdings (China) Limited (城市建設開發集團(中國)有限公司), a BVI business company incorporated in the BVI and a direct wholly-owned subsidiary of the Company, and as at the Latest Practicable Date, the direct owner of the Target Group, which in turn indirectly owns the Property
“Whitewash Waiver”	the whitewash waiver by the Executive under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of Yue Xiu and the Company to make a general offer for all issued Units and other securities of Yuexiu REIT (if any) not already owned or agreed to be acquired by Yue Xiu and parties acting in concert with it as a result of the taking up and subscription of the Untaken Rights Issue Units pursuant to the Underwriting Agreement
“Yue Xiu”	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a limited liability company incorporated in Hong Kong which is wholly-owned by GZYY
“Yue Xiu Entitlement Units”	26,366,784 Rights Issue Units to be provisionally allotted to Yue Xiu in respect of the Units held by it pursuant to the Rights Issue
“Yue Xiu Securities”	Yue Xiu Securities Company Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes placing and underwriting of securities

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## DEFINITIONS

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“Yuexiu Concert Group”	Yue Xiu and parties acting in concert with it under the Takeovers Code, including (but not limited to) the Company (which for the avoidance of doubt, excludes the Yuexiu REIT Group, Ms. Ou Haijing and Mr. Li Feng, each of whom, by virtue of being an executive director of the Manager and a non-executive director of the Manager, respectively, is presumed to be a party acting in concert with Yue Xiu pursuant to class (6) presumption under the definition of “acting in concert” under the Takeovers Code until Rights Issue Completion)
“Yuexiu Leasing Framework Agreement”	the framework agreement dated 24 October 2021 entered into by the Manager (on behalf of the Yuexiu REIT Group) and GZYX setting out the terms and conditions and pricing policy governing the REIT Connected Leasing Transactions which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023
“Yuexiu REIT”	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time (whose Units are listed on the Stock Exchange) and the companies controlled by it, as the context requires
“Yuexiu REIT Group”	Yuexiu REIT and its subsidiaries
“YXP Nominee”	a wholly-owned subsidiary of the Company designated by the Company for the purpose of holding, among other things, Deferred Units in accordance with the Indebtedness Agreement
“%”	per cent or percentage

\* *For identification purposes only*

*For illustrative purposes only, RMB is converted into HKD at an exchange rate of HKD1 = RMB0.8321 in this circular.*

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LETTER FROM THE BOARD

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*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

***Executive Directors***

Mr. Lin Zhaoyuan (Chairman)

Mr. Lin Feng

Mr. Li Feng

Ms. Chen Jing

Ms. Liu Yan

***Registered Office***

26th Floor

Yue Xiu Building

160 Lockhart Road

Wanchai, Hong Kong

***Non-Executive Director***

Mr. Ouyang Changcheng

***Independent Non-executive Directors***

Mr. Yu Lup Fat Joseph

Mr. Lee Ka Lun

Mr. Lau Hon Chuen Ambrose

13 November 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 100%  
OF THE TARGET COMPANY WHICH OWNS A COMMERCIAL  
PROPERTY IN GUANGZHOU AND  
(2) MODIFICATION OF DEFERRED UNITS ARRANGEMENT**

**INTRODUCTION**

Reference is made to the Announcement. On 24 October 2021, the Vendor (as seller), the Purchaser (as purchaser) and the Company (as guarantor) entered into the Acquisition Deed, pursuant to which the Vendor agreed to sell the Property (through the sale of the Sale Shares representing the entire equity interest in the Target Company) to the Purchaser. The Target Company indirectly holds 100% of the Project Companies (being the registered legal owners of the land use rights and current ownership rights underlying the Property) through the Intermediary Entities.

The Property is an International Grade A office building, which is one of the ten tallest skyscrapers in Guangzhou and a landmark building strategically located in the core area of Guangzhou Zhujiang New Town (廣州珠江新城). Further details regarding the Property are contained in the paragraph headed “Information of the Property and the Target Group” in this circular.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you, among other things, (i) further details regarding the Disposal; (ii) the valuation reports in respect of the Property and the 100% equity interest in the Target Company prepared by the Independent Property Valuer; and (iii) a notice of the GM. As set out in the Announcement, this circular was expected to be despatched to the Shareholders on or before 12 November 2021. However, as additional time is required to print this circular, this circular will be despatched to the Shareholders on 13 November 2021.

### ACQUISITION DEED

The principal terms of the Acquisition Deed are set out below:

#### Date

24 October 2021

#### Parties

The Vendor (as seller), the Purchaser (as purchaser) and the Company (as guarantor).

The Purchaser is a SPV wholly-owned by Yuexiu REIT. As at the Latest Practicable Date, the Company indirectly holds 1,289,767,022 Units, representing approximately 38.7% of Units in issue. The Company also owns 100% of the issued share capital of the Manager.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Trustee and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

#### Disposal of Sale Shares

Pursuant to the Acquisition Deed: (i) the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire equity interest in the Target Company, which through the Intermediary Entities indirectly holds 100% of the Project Companies, which are the registered legal owners of the land use rights and current ownership rights underlying the Property; and (ii) the Purchaser agreed to repay or procure the repayment of the Intercompany Payables.

#### Consideration, payment terms and basis of determination of the Disposal consideration

The consideration for the disposal of the Property (the "**Disposal Consideration**") is equal to the sum of: (1) the Share Consideration (for the disposal of the Sale Shares); and (2) the Repayment Amounts (being the outstanding amount of the Intercompany Payables as at Disposal Completion).

The "**Share Consideration**" shall be paid by the Purchaser to the Vendor, and is equal to the sum of: (a) the Agreed Disposal Amount; and (b) the Target Group Adjusted NAV as set out in the Completion Statement.

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## LETTER FROM THE BOARD

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The “**Agreed Disposal Amount**” of RMB7,800 million was arrived at on an arm’s length basis after taking into account the Appraised Value of RMB8,030 million as at 31 August 2021 as appraised by the Independent Property Valuer. The Agreed Disposal Amount represents a discount of 2.9% to the Appraised Value.

The “**Target Group Adjusted NAV**” shall be equal to: (i) all assets of the Target Group (other than the Property and deferred assets); minus (ii) all liabilities of the Target Group (including the Intercompany Payables but excluding the deferred tax liabilities arising from the revaluation of the Property and depreciation allowances given to the Property), in each case as at Disposal Completion as shown in the Completion Statement.

For illustrative purpose, assuming Disposal Completion took place on 31 August 2021 (being the date of the valuation report prepared by the Independent Property Valuer), the Disposal Consideration was approximately RMB7,792,834,000, being (i) the Share Consideration in the aggregate amount of RMB2,364,000 (being (a) the Agreed Disposal Amount of RMB7,800 million; plus (b) the Target Group Adjusted NAV of negative RMB7,797,636,000, being all assets of the Target Group (other than the Property and deferred assets) of RMB199,669,000 minus all liabilities of the Target Group (including the Intercompany Payables but excluding the deferred tax liabilities arising from the revaluation of the Property and depreciation allowances given to the Property) of RMB7,997,305,000); and (ii) the Repayment Amounts of approximately RMB7,790,470,000.

Pursuant to the Acquisition Deed, the Disposal Consideration shall be satisfied in cash in the following manner:

- (A) at Disposal Completion, the Purchaser shall pay to the Vendor an amount equal to:
  - i. the “**Initial Payment**” of: (1) the Agreed Disposal Amount of RMB7,800,000,000; plus/minus (2) the Target Group Adjusted NAV as set out in the Pro Forma Completion Statement; minus
  - ii. the EIT Withheld Amount of RMB10,000,000 and, if any, the Additional EIT Withheld Amount, both of which are to be retained by the Purchaser and deposited into the EIT Segregated Account (see paragraph headed “EIT Segregated Account” in this circular for details);
- (B) at Disposal Completion, the Purchaser shall procure the repayment of the amount outstanding under the Onshore Payables in RMB as at the Completion Date (the “**Onshore Repayment Amount**”);
- (C) at Disposal Completion, the Purchaser shall pay to the Company an amount equal to the amount outstanding under the Offshore Payables as at the Completion Date (the “**Offshore Repayment Amount**”), provided that, if Rights Issue Completion has not taken place by Disposal Completion, an amount equal to 50% of the Offshore Repayment Amount shall be deferred and paid to the Company in accordance with paragraph (D) below (such deferred portion of the Offshore Repayment Amount being the “**Deferred Offshore Repayment Amount**”);

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## LETTER FROM THE BOARD

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- (D) (if 50% of the Offshore Repayment Amount is deferred under paragraph (C) above) within ten Business Days after Rights Issue Completion, the Purchaser shall settle or procure the settlement of:
- i. the Deferred Offshore Repayment Amount; plus
  - ii. interest on the amount under (D)(i) above accrued at a margin of 1.2% per annum over 1-month HIBOR from the Completion Date to the date that such amount is paid; and
- (E) within ten Business Days after agreement or determination of the Completion Statement (the draft of which will be prepared based on the audited accounts of the Target Group as at Completion Date as audited by PricewaterhouseCoopers):
- i. if the Target Group Adjusted NAV (as set out in the Completion Statement) is higher than the Target Group Adjusted NAV (as set out in the Pro Forma Completion Statement), the Purchaser shall pay the difference to the Vendor, without prejudice to the Purchaser's right to retain and deposit any Additional EIT Withheld Amount into the EIT Segregated Account (see paragraph headed "EIT Segregated Account" in this circular for details); and
  - ii. if the Target Group Adjusted NAV (as set out in the Completion Statement) is lower than the Target Group Adjusted NAV (as set out in the Pro Forma Completion Statement), the Vendor shall repay the difference to the Purchaser,

with such difference payable by the Purchaser or the Vendor being the "**True-up Payment**".

With respect to paragraphs (B) and (C) above, the amounts of the Offshore Payables and the Onshore Payables shall not be such that they would cause the amount payable on the Completion Date under paragraph (A) above to be negative.

### **EIT Segregated Account**

On Disposal Completion, the Purchaser shall pay, or procure the payment of, the EIT Withheld Amount for credit to a segregated account in the name of the Purchaser or another subsidiary of Yuexiu REIT (the "**EIT Segregated Account**"). If the Purchaser reasonably expects that the amount of taxes payable by the Vendor arising out of or relating to the Disposal may be greater than the EIT Withheld Amount, the Purchaser may pay the excess amount (the "**Additional EIT Withheld Amount**") for credit to the EIT Segregated Account. The Acquisition Deed specifies that the funds in the EIT Segregated Account will only be released to the Vendor after it has provided the Purchaser with evidence that it has paid that amount of PRC Enterprises Income Tax payable by the Vendor in respect of the Disposal, provided that the funds remaining in the EIT Segregated Account are equal to or greater than the amount of unpaid taxes the Vendor may be liable for arising out of or relating to the Disposal.

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## LETTER FROM THE BOARD

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### Conditions Precedent

Disposal Completion is subject to and conditional upon satisfaction of the following conditions (collectively, the “**Disposal Conditions**”):

- (a) the resolution(s) approving the REIT Transaction Matters Requiring Approval having been passed by the REIT Independent Unitholders at the REIT EGM;
- (b) the resolution(s) approving the Disposal and the Deferred Units Arrangement Modification having been passed by the Independent Shareholders at the GM;
- (c) the posting of the Rights Issue Offering Documents to Unitholders and all other conditions to the Rights Issue having been fulfilled, save for the grant by the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Issue Units;
- (d) the New Bank Facility being in place and sufficient funds being available for drawdown under the New Bank Facility;
- (e) there being:
  - (i) no change or circumstance that has a material adverse effect on the Vendor’s ability to perform its obligations under the Acquisition Deed before Disposal Completion which is not covered by item (iv) below (other than any change: (1) that generally affects the real estate industry in the PRC; (2) in financial markets or general economic or political conditions; (3) of law or accounting principles applicable to the Target Group);
  - (ii) none of the following circumstances having occurred: (1) the entire Property or 30% or more of the above-ground lettable area (“**material part**”) of the Property has been damaged or destroyed or has become a dangerous building according to the assessment by the relevant PRC government authority or has become inaccessible and the situation described above has not come to an end before Disposal Completion; (2) the entire Property or a material part thereof has been closed down by or normal business operation therein has been prevented by the action of relevant PRC government authorities and the situation described above has not come to an end before Disposal Completion; or (3) the entire Property or a material part thereof has been damaged or destroyed such that it is in a condition which renders it unable to generate rental income and the situation described above has not come to an end before Disposal Completion;
  - (iii) no compulsory acquisition or resumption of the Property and no notice of such intention received from any government authority before Disposal Completion; and

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## LETTER FROM THE BOARD

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- (iv) no statute, regulation or decision imposed on or affecting the Vendor, the Target Company, the Project Companies and/or the Property which would prohibit or materially delay the sale and purchase of the Sale Shares or the disposal of the Property or which would prohibit or materially restrict the operation of the Target Group or the Property having been enacted or taken by any PRC government authority;
- (f) all necessary consents or waivers being granted by third parties (including any governmental or official authorities) in connection with the transactions contemplated under the Acquisition Deed;
- (g) the warranties of the Purchaser under the Acquisition Deed remaining true and accurate in all material respects and not misleading in any material respect at Disposal Completion as if repeated at Disposal Completion (by reference to the facts and circumstances existing at Disposal Completion); and
- (h) the warranties of the Vendor under the Acquisition Deed remaining true and accurate in all material respects and not misleading in any material respect at Disposal Completion as if repeated at Disposal Completion (by reference to the facts and circumstances existing at Disposal Completion).

The Vendor and the Purchaser may not waive any of the Disposal Conditions, except for Disposal Condition (e) (which is only waivable to the extent such condition does not relate to PRC governmental authority), Disposal Condition (h) (which may be waived by the Purchaser by notice in writing to the Vendor), and Disposal Condition (g) (which may be waived by the Vendor by notice in writing to the Purchaser).

If any of the Disposal Conditions have not been fulfilled or waived (if applicable) on or before 30 June 2022, or such other date as agreed by the Purchaser and the Vendor in writing, then neither the Purchaser nor the Vendor shall be bound to proceed with the Disposal and the Acquisition Deed shall terminate without prejudice to any other right or remedy the parties to the Acquisition Deed may have.

### **Completion of the Disposal**

Pursuant to the terms of the Acquisition Deed, Disposal Completion shall take place on a mutually agreed Business Day between the Purchaser and the Vendor failing within 10 Business Days after the date on which all the Disposal Conditions have been fulfilled (or waived, if applicable), or such other date as may be agreed by the Purchaser and the Vendor.

### **Termination of the Acquisition Deed**

If Disposal Completion has not taken place due to one party's failure to satisfy its completion obligation under the Acquisition Deed, the other party may by written notice terminate the Acquisition Deed without prejudice to the parties' rights and remedies under law.

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## LETTER FROM THE BOARD

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In addition, the Purchaser may by written notice to the Vendor terminate the Acquisition Deed if any fact, matter or event arises or occurs which constitutes a material breach by the Vendor of its covenants, obligations or warranties under the Acquisition Deed and is likely to affect the business or financial position of any member of the Target Group in a materially adverse manner, or if any change, event or circumstance occurs that is likely to have a material adverse effect on the financial position of the Target Group as a whole. The Vendor may by written notice to the Purchaser terminate the Acquisition Deed if any fact, matter or event arises or occurs which constitutes a material breach by the Purchaser of its covenants, obligations or warranties under the Acquisition Deed.

### **Vendor's tax obligations**

Pursuant to the Acquisition Deed, the Vendor shall, at its own expense, as soon as possible and in any event no later than 30 days after the date of the Acquisition Deed, truly, accurately and completely, report all relevant information on the entry into of the Acquisition Deed to the relevant PRC tax authority. The Vendor shall, at its own expense: (a) as soon as possible and in any event no later than seven days after the Completion Date, inform or procure to inform the relevant PRC tax authority that the Disposal Completion has occurred; and (b) as soon as possible and in any event no later than seven days after agreement or determination of the Disposal Completion Statement, inform the relevant PRC tax authority of the adjustment of the Disposal Consideration and the amount of the True-up Payment.

The Vendor shall provide the Purchaser with a copy of any and all of its written submissions to the relevant PRC tax authority in respect of the Disposal, and a receipt in writing (受理單 /回執) issued by the relevant PRC tax authority evidencing the submissions, as soon as practicable after the relevant submissions have been made. The Vendor shall promptly follow up with the relevant PRC tax authority in respect of its assessments to and payment of PRC tax on the Disposal, submit all supplemental documents requested by the relevant PRC tax authority in connection with the Disposal, and promptly keep the Purchaser informed of the foregoing (including providing the Purchaser with copies of all correspondence with the relevant PRC tax authority and all documents issued by the relevant PRC tax authority).

The Vendor has also covenanted and undertaken in the Acquisition Deed to, among other things, settle and pay in full the PRC Enterprise Income Tax payable by it arising out of or relating to the Disposal within the time period required by applicable law, rules and regulations as applied by the relevant PRC tax authority, even if the amount of PRC Enterprise Income Tax payable by the Vendor arising out of or relating to the Disposal is greater than the EIT Withheld Amount and any Additional EIT Withheld Amount. The Acquisition Deed specifies that the funds in the EIT Segregated Account will only be released to the Vendor after it has provided the Purchaser with evidence that it has paid that amount of taxes payable by the Vendor in respect of the Disposal, provided that the funds remaining in the EIT Segregated Account are equal to or greater than the amount of unpaid taxes the Vendor may be liable for arising out of or relating to the Disposal.

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## LETTER FROM THE BOARD

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### Guarantee and indemnity in favour of the Purchaser

The Company (as guarantor) has unconditionally and irrevocably guaranteed to the Purchaser the due and punctual payment of all amounts payable by the Vendor under the Acquisition Deed and due and punctual performance and observance by the Vendor of all its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Acquisition Deed.

Further, the Vendor and the Company irrevocably undertook to indemnify, on a joint and several basis, Yuexiu REIT, the Trustee, the Manager, the Purchaser and each member of the Target Group, to the fullest extent permissible by law, for any liabilities, losses, damages, fines, fees, charges, penalties, premiums, expenses and costs (on a full indemnity basis) which any one of them may incur, suffer or sustain as a result of or in connection with the following:

- (1) any tax liability resulting from the Vendor's failure to fully comply with its tax obligations with respect to the Disposal;
- (2) any acts of, or transactions entered into by any member of the Target Group, before the Completion Date (save to the extent that provision in respect thereof has been made in the management accounts of the Target Group or the Completion Statement); and
- (3) the use of certain parts of the Property being inconsistent with the designated use, the lack of real estate ownership certificates in respect of the citizens passage, the change of location of certain public facilities and the non-registration of lease agreements in respect of the Property.

In addition, the Acquisition Deed contains tax covenants in respect of events occurring on or before the Disposal Completion and PRC Enterprise Income Tax payable by the Vendor in respect of the Disposal.

### NAMING RIGHTS AGREEMENT

On 24 October 2021, the Company and the Target Company entered into a naming rights agreement, pursuant to which the Target Company, subject to Disposal Completion, will allow the Company to exercise the Naming Rights (as defined below) for the period between the Disposal Completion and 31 December 2023 for a total cash consideration of RMB60,000,000, which will be payable in five instalments, including one instalment of RMB20,000,000 to be paid on 31 December 2021 and four semi-annual instalments of RMB10,000,000 to be paid in 2022 and 2023 (the "**Naming Rights Agreement**"). Pursuant to the Naming Rights Agreement, the Company will have the right to display the names and logo of companies designated by the Company at noticeable locations at the Property, and to raise the flags of such companies at appropriate locations within the Property (the "**Naming Rights**"). The exercise of the Naming Rights must not conflict with the operating business of the Project Companies and the name of a competitor of the Project Companies must not be used at the Property pursuant to the exercise of the Naming Rights. Further, the Naming Rights can only be exercised on the condition that such exercise does not affect the normal operational activities of the Property. The Company's entitlement to the Naming Rights may also be terminated by mutual agreement between the Company and the Target Company.

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## LETTER FROM THE BOARD

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The consideration for the Naming Rights Agreement was determined between the parties thereto on an arm's length basis.

### **BASIS OF DETERMINATION OF THE DISPOSAL CONSIDERATION**

As disclosed above, the Disposal Consideration is equal to the sum of: (1) the Share Consideration (for the disposal of the Sale Shares); and (2) the Repayment Amounts (being the outstanding amount of the Intercompany Payables as at Disposal Completion).

The Share Consideration shall be paid by the Purchaser to the Vendor, and is equal to the sum of: (a) the Agreed Disposal Amount; and (b) the Target Group Adjusted NAV as set out in the Completion Statement.

The Agreed Disposal Amount of RMB7,800 million was arrived at on an arm's length basis with reference to the valuation of the Property by the Independent Property Valuer.

Colliers International (Hong Kong) Limited has been appointed as the Independent Property Valuer to appraise the value of the Property for the purpose of the Disposal. The Appraised Value of the Property (as assessed by the Independent Property Valuer as at 31 August 2021) was RMB8,030 million. The Agreed Disposal Amount of RMB7,800 million, representing a discount of 2.9% to the Appraised Value.

In arriving at the Appraised Value in respect of the Property, the Independent Property Valuer has made use of the income capitalisation method cross-referenced with the market approach. The income capitalisation method estimates the value of property or assets on a market basis by capitalising net rental income on a fully leased basis. This technique considers both the current passing rental income from existing tenancies and the potential future reversionary income at market level, by capitalising both at appropriate rates. The market approach is based on comparing the Property directly with other comparable properties which were recently offered or changed hands.

The Appraised Value, which is arrived at with reference to the income generating ability of the Property, as well as recent transactions as compared with other comparable properties, does not take into account the other assets and liabilities of the Target Group and is not equivalent to the value of the Target Group. As the Disposal is conducted by way of a sale of the Sale Shares, the Disposal Consideration also takes into account the other assets and liabilities of the Target Group and please refer to the paragraph headed "Consideration, payment terms and basis of determination of the Disposal Consideration".

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## LETTER FROM THE BOARD

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### INFORMATION OF THE PROPERTY AND THE TARGET GROUP

#### Description

The Property, known as “Yuexiu Financial Tower (越秀金融大厦)”, is located at No. 28, Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province, PRC and has a total gross floor area of 210,282.94 sq.m. and comprises: (a) a 68-storey above-ground office building (comprising a 4-storey retail component and a 64-storey office component); and (b) a 4-storey basement with 827 underground carpark spaces. As an International Grade A office property, the Property has attracted multinational and reputable corporate tenants.

The Property is located in the core area of Guangzhou Zhujiang New Town (廣州珠江新城), a core central business district in Guangzhou. Guangzhou is the capital city of Guangdong province in Southern China and key strategic location in the Greater Bay Area.

#### The Target Group

The Target Company is an investment holding company incorporated in the British Virgin Islands. Since the Reorganisation of the Target Group has been completed as at 30 August 2021 and the Target Group has been principally engaged in leasing out of the Target Property before and after the completion of the Reorganisation, the unaudited historical financial information of the Target Group for the financial years ended 31 December 2019, 31 December 2020 and the six months ended 30 June 2021 is presented on combined basis and prepared in accordance with the accounting policies of the Group as follows:

	<b>For the financial year ended 31 December 2019 (RMB'000)</b>	<b>For the financial year ended 31 December 2020 (RMB'000)</b>	<b>For the six months ended 30 June 2021 (RMB'000)</b>
Revenue	354,232	374,886	191,182
Net profit before taxation	282,173	215,228	112,025
Net profit after taxation	211,722	161,595	83,359

As at 31 August 2021, the unaudited consolidated total assets and the unaudited consolidated net liability of the Target Group were approximately RMB8,165,183,000 and RMB1,257,204,000, respectively.

#### FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Group will record a gain (after taxation) of approximately RMB1,366 million, which comprises approximately RMB1,298 million attributable to the Group according to relevant accounting standards.

The Disposal of the Property is estimated to contribute core net profit of approximately RMB1,298 million to the Group, including fair value gains on revaluation of the Property during the period.

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## LETTER FROM THE BOARD

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The gain related to the disposal of Yuexiu Financial Tower is calculated with reference to the net asset value of the Target Group as at 30 June 2021 taking into account the adjustments anticipated to be made for Disposal Completion and minus expenses.

As a result of the Disposal, the total assets of the Group are expected to decrease by approximately RMB2,438 million while the net assets of the Group are expected to increase by approximately RMB1,366 million.

Following the Disposal Completion, the Company will cease to have any interest in the Target Company. As such, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into those of the Company. As such, it is expected that, immediately after the Disposal Completion, the financial position of the Company will improve as evidenced by, among other things, the reduction of the gearing level (net debt divided by net asset value) from 49.8% to 40.5%.

**Shareholders should note that the above figures are for illustrative purpose only. The actual financial effect of the Disposal may be different from the above as it will be determined based on the financial position of the Target Group as at the Completion Date and review by the Group's auditors upon finalisation of the Completion Statement.**

### USE OF PROCEEDS

It is expected that the net proceeds from the Disposal will be applied towards the working capital of the Group.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is committed to fostering the long-term growth of Yuexiu REIT through an interactive and capital efficient model whereby the Company focuses on the development and incubation of commercial investment properties and Yuexiu REIT acts as the designated property-owning platform that will hold part of its completed investment properties. This interactive model is expected to drive the long-term growth for the Company and Yuexiu REIT.

The Company focuses on achieving a balanced portfolio underpinned by a strong recurrent rental-related income base from commercial properties and income growth generated by residential development properties. The Disposal is consistent with the Company's long-term strategy.

The Directors believe that the Disposal will bring the following benefits to the Shareholders:

- (1) the Disposal is key in the implementation of the Company's long-term corporate strategy to create and maintain a sustainable balance in terms of growth and stability through the interactive and capital efficient model adopted by the Company and Yuexiu REIT. This interactive model is expected to drive the long-term growth of both the Company and Yuexiu REIT;

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## LETTER FROM THE BOARD

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- (2) the Directors consider the Disposal Consideration and payment terms for the Disposal to be fair and reasonable, taking into consideration (among others) the Appraised Value of the Property, including:
- (i) the net cash proceeds after taxation from the Disposal, which are expected to be approximately RMB3,134 million (after deducting the borrowings of the Project Companies from financial institutions of approximately RMB2,855 million that should be settled by the Vendor prior to Disposal Completion, and the intended subscription by the Company of the Placing Units of approximately RMB1,267 million) (equivalent to approximately HKD3,766 million), will provide the Company with ample funds to enhance its gearing and liquidity position as well as general working capital; and
  - (ii) the existing debt associated with the Property will be de-consolidated from the Company upon the Disposal Completion; and
- (3) the Company, as a substantial and the single largest Unitholder of Yuexiu REIT, and its Shareholders will continue to enjoy the long-term growth potential of the Property as well as other properties held by Yuexiu REIT generally.

Taking into account the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IRREVOCABLE UNDERTAKINGS BY THE COMPANY AND YUE XIU**

As disclosed in the announcement dated 24 October 2021 of Yuexiu REIT, the Manager intends to fund approximately HKD3,919 million (equivalent to approximately RMB3,261 million) of the Disposal Consideration and the One-Off Fees and Charges from the net proceeds of the Rights Issue.

In connection the proposed Rights Issue, on 24 October 2021, the Company gave the Irrevocable Undertaking in favour of the Manager, pursuant to which the Company has irrevocably undertaken to the Manager that, among other things, subject to the Manager despatching the Rights Issue Offering Documents to the Rights Issue Qualifying Unitholders and the Whitewash Waiver having been granted by the Executive prior to the Rights Issue Offering Circular Despatch Date and not having been revoked or withdrawn: (i) it shall accept and pay for or procure the acceptance and payment for the Company Entitlement Units provisionally allotted to it; (ii) it shall remain to be the beneficial owner of the 1,289,767,022 Units on the Rights Issue Record Date; and (iii) it shall not, and shall procure its nominees not to, acquire any further Units on or before the Rights Issue Record Date. The Company understands that Yue Xiu has given an irrevocable undertaking on similar terms in favour of the Manager.

## LETTER FROM THE BOARD

In addition, the Rights Issue Units (other than those agreed to be taken up by Yue Xiu and the Company pursuant to the Irrevocable Undertakings, being the Yue Xiu Entitlement Units and the Company Entitlement Units) will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement. As the Underwriter is the indirect holding company of a substantial unitholder of Yuexiu REIT (being Dragon Yield), pursuant to Rule 7.21(1)(b) and 7.21(2) of the Listing Rules, the Manager has entered into the Placing Agreement with DBS Asia Capital Limited, BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited and Yue Xiu Securities to place the Placing Units to independent placees.

### ILLUSTRATIVE PRO FORMA UNITHOLDING STRUCTURE

For illustrative purposes only, the following table sets forth information with respect to holdings of Units: (a) as at the Latest Practicable Date; (b) immediately after Rights Issue Completion assuming all Rights Issue Units are fully subscribed for by Rights Issue Qualifying Unitholders; (c) immediately after Rights Issue Completion assuming only the Company and Yue Xiu but no other Rights Issue Qualifying Unitholders subscribe for the Rights Issue Units provisionally allotted to them, no Placing Units are subscribed for by the Placees and the Underwriter takes up all the Maximum Untaken Rights Issue Units; and (d) under scenarios (b) and (c) after issue of the Deferred Units required to be issued to settle the remaining Guangzhou IFC Consideration (but assuming no other additional Units are issued post-Disposal Completion).

	As at the Latest Practicable Date		Immediately after the Rights Issue Completion (Note 1)				After issue of the Deferred Units (assuming no other additional Units are issued post-Disposal Completion)			
			Assuming full acceptance by all Rights Issue Qualifying Unitholders under the Rights Issue (Note 1)		Assuming (a) no subscription by the Rights Issue Qualifying Unitholders (other than Yue Xiu and the Company pursuant to the Irrevocable Undertakings) under the Rights Issue and no Placing Units are subscribed for by the Placees; and (b) the Maximum Untaken Rights Issue Units are fully taken up by the Underwriter (Note 1)		Assuming full acceptance by all Rights Issue Qualifying Unitholders under the Rights Issue (Note 4)		Assuming (a) no subscription by the Rights Issue Qualifying Unitholders (other than Yue Xiu and the Company pursuant to the Irrevocable Undertakings) under the Rights Issue and no Placing Units are subscribed for by the Placees; and (b) the Maximum Untaken Rights Issue Units are fully taken up by the Underwriter (Note 4)	
			Total number of Units	% Unit-holding	Total number of Units	% Unit-holding	Total number of Units	% Unit-holding	Total number of Units	% Unit-holding
<i>Yuexiu Concert Group</i>										
The Company (Note 2)	1,289,767,022	38.7%	1,766,980,819	38.7%	1,766,980,819	38.7%	2,177,789,403	43.7%	2,177,789,403	43.7%
Yue Xiu (Note 3)	71,261,585	2.1%	97,628,369	2.1%	828,450,826	18.1%	97,628,369	2.0%	828,450,826	16.6%
Ms. Ou Haijing (Note 5)	1,000	0.000030%	1,370	0.000030%	1,000	0.000022%	1,370	0.000028%	1,000	0.000020%
Mr. Li Feng (Note 6)	1,825	0.000055%	2,500	0.000055%	1,825	0.000040%	2,500	0.000050%	1,825	0.000037%
<b>Subtotal</b>	<b>1,361,031,432</b>	<b>40.8%</b>	<b>1,864,613,058</b>	<b>40.8%</b>	<b>2,595,434,470</b>	<b>56.8%</b>	<b>2,275,421,642</b>	<b>45.7%</b>	<b>3,006,243,054</b>	<b>60.3%</b>
Existing Public Unitholders	1,975,192,996	59.2%	2,706,014,408	59.2%	1,975,192,996	43.2%	2,706,014,408	54.3%	1,975,192,996	39.7%
<b>Total</b>	<b>3,336,224,428</b>	<b>100.0%</b>	<b>4,570,627,466</b>	<b>100.0%</b>	<b>4,570,627,466</b>	<b>100.0%</b>	<b>4,981,436,050</b>	<b>100.0%</b>	<b>4,981,436,050</b>	<b>100.0%</b>

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## LETTER FROM THE BOARD

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*Notes:*

- (1) The figures for these two scenarios are for illustrative purposes only and are calculated based on the assumption that Rights Issue Completion will take place before 31 December 2021. Accordingly, the figures do not take into account the next annual issuance of the Deferred Units on 31 December 2021.

Taking into account the effect of the annual issuance of the Deferred Units on 31 December 2021, the unitholding of the members of the Yuexiu Concert Group in Yuexiu REIT immediately after the Rights Issue Completion (which is expected to take place after 31 December 2021) would be approximately 41.8% rather than 40.8% (assuming full acceptance by all Rights Issue Qualifying Unitholders under the Rights Issue), and 57.5% rather than 56.8% (assuming (a) no subscription by the Rights Issue Qualifying Unitholders (other than Yue Xiu and the Company pursuant to the Irrevocable Undertakings) under the Rights Issue and no Placing Units are subscribed for by the Placees; and (b) the Maximum Untaken Rights Issue Units are fully taken up by the Underwriter).

For avoidance of doubt, the Deferred Units Issue Price Adjustment will only take effect upon Rights Issue Completion. Therefore, based on the indicative timetable, the 2021 Deferred Units will be issued at HKD 4.00 per Unit, whereas the Deferred Units Issue Price on 31 December 2022 and thereafter will be adjusted down to HKD3.861652 per Unit.

- (2) The Units are held by the Company indirectly (through Dragon Yield and Yuexiu International Investment Limited, which hold 35.09% and 3.57%, respectively, of the issued Units as at the Latest Practicable Date).
- (3) The Units are held by Yue Xiu directly and indirectly (through its various wholly-owned subsidiaries, but excluding the Units that are held indirectly by the Company).
- (4) The figures for these two scenarios are for illustrative purposes only and are calculated based on the expectation that a further 410,808,584 Deferred Units will be issued, including an estimated approximately 81 million Deferred Units to be issued on 31 December 2021 at HKD4.00 per Unit, and a further sum of 329,808,584 Deferred Units on each of 31 December in 2022 and subsequent year-end date(s) thereafter will be issued at HKD3.861652 per Unit pursuant to the Second Supplemental Indebtedness Agreement. The actual number of 2021 Deferred Units issued will be announced by the Manager on 31 December 2021.
- (5) Ms. Ou Haijing is an executive director of the Manager. By virtue of being an executive director of the Manager, Ms. Ou is presumed to be a party acting in concert with Yue Xiu pursuant to class (6) presumption under the definition of “acting in concert” under the Takeovers Code until Rights Issue Completion.
- (6) Mr. Li Feng is a non-executive director of the Manager. By virtue of being a non-executive director of the Manager, Mr. Li is presumed to be a party acting in concert with Yue Xiu pursuant to class (6) presumption under the definition of “acting in concert” under the Takeovers Code until Rights Issue Completion.

**Shareholders and public investors should note that the above unitholding changes are for illustration purposes only and the actual changes in the unitholding structure of Yuexiu REIT upon the Rights Issue Completion are subject to various factors, including the results of acceptance of the Rights Issue Units.**

### MODIFICATION OF DEFERRED UNITS ARRANGEMENT

#### Background

As disclosed in the 2012 Circular, the balance of the Guangzhou IFC Consideration shall be satisfied by way of issuance of Deferred Units by Yuexiu REIT to the Company (or YXP Nominee) on 31 December of each year, starting on 31 December 2016. Following the issuances of the Deferred Units between 31 December 2016 and 31 December 2020, as at the Latest Practicable Date, the remaining balance of the Guangzhou IFC Consideration is HKD1,597,605,976.

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## LETTER FROM THE BOARD

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### Adjustments to Deferred Units Issue Price

As stated in the announcement of Yuexiu REIT dated 31 December 2020, assuming no Deferred Units Adjustment Events eventuate and the Deferred Units Issue Price remained at HKD4.00, it was expected that a further 399,401,494 Deferred Units would be issued to Dragon Yield in satisfaction of the balance of the Guangzhou IFC Consideration, and that all further Deferred Units would be issued by 31 December 2023.

However, in light of the Rights Issue Subscription Price 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 HKD3.674 (the “**Relevant Market Price**”), pursuant to the existing Indebtedness Agreement and as disclosed in the 2012 Circular, the Deferred Units Issue Price shall be adjusted by multiplying the Deferred Units Issue Price in force immediately before such issue by the following fraction (being the “**Deferred Units Issue Price Adjustment**”):

$$(A + B) / (A + C)$$

where:

“A” is the number of Units in issue immediately before the Announcement;

“B” is the number of Units which the aggregate amount (if any) payable for the Units issued by way of rights and for the total number of Units comprised therein would purchase at such Relevant Market Price per Unit; and

“C” is the aggregate number of Units issued or, as the case may be, comprised in the issue.

Based on the Relevant Market Price, the number of Rights Issue Units and the Rights Issue Subscription Price, following the Deferred Units Issue Price Adjustment, the Deferred Units Issue Price will be reduced from HKD4.00 to HKD3.861652 per Unit. The Deferred Units Issue Price Adjustment will take effect upon Rights Issue Completion, which is currently expected to take place after the next issue date of the Deferred Units (being 31 December 2021). Accordingly, it is expected that the 2021 Deferred Units will be issued at HKD4.00 per Unit and the Deferred Units on 31 December 2022 and thereafter will be issued at HKD3.861652 per Unit.

Following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as further described below), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Guangzhou IFC Consideration will be fully settled by 31 December 2025 by the issue of a further 410,808,584 Deferred Units in aggregate.

For the illustrative effect on the unitholding structure of the Yuexiu REIT after Rights Issue Completion and the issue of all the Deferred Units to settle the remaining balance of the Guangzhou IFC Consideration, please refer to the paragraph headed “Illustrative Pro Forma Unitholding Structure” in this circular.

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## LETTER FROM THE BOARD

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### **Deferred Units Arrangement Modification**

Pursuant to the Indebtedness Agreement, the number of Deferred Units to be issued on 31 December each year to settle the remaining balance of the Guangzhou IFC Consideration mentioned above is determined by reference to the maximum number of Units that may be issued which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the date of issuance, will not trigger an obligation on the part of the Company (and the 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 (the “**Deferred Units Arrangement**”). The 2021 Deferred Units will be issued on 31 December 2021.

Such an arrangement was a result of a regulatory requirement as well as the commercial agreement between the parties. If as a result of the Rights Issue, the Yuexiu Concert Group’s voting rights in Yuexiu REIT exceed 50% (for example, in the unlikely scenario where only the Yue Xiu Entitlement Units and the Company Entitlement Units are taken up), the Yuexiu Concert Group may increase their unitholding in Yuexiu REIT without incurring any further obligation under Rule 26 of the Takeovers Code to make a mandatory general offer at the relevant time. If this were the case, the number of Deferred Units to be issued in the following 31 December will effectively be the number of Deferred Units (after adjustment to account for the Rights Issue) required to be issued to settle the remaining balance of the Guangzhou IFC Consideration as at the relevant time.

The Company and the Manager agree to modify the mechanism for the issuance of Deferred Units under the Indebtedness Agreement such that the number of Deferred Units to be issued each year shall be the lower of: (a) the maximum number of Deferred Units that may be issued to the Company (or YXP Nominee) which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Deferred Units Issue Date, will not trigger an obligation on the part of the Company (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; and (b) 83,000,000 Units (subject to adjustment for consolidation and sub-division of Units) (such modification being the “**Deferred Units Arrangement Modification**”).

The reference to 83,000,000 Units in the Deferred Units Arrangement Modification was arrived at after arm’s length negotiation between the Manager and the Company in consultation with the Trustee by reference to the number of Deferred Units issued each year in the previous years, which is in-line with the parties’ intention to maintain the number of Deferred Units issued each year to be at a similar level as in previous years.

### **Second Supplemental Indebtedness Agreement**

On 24 October 2021, the Company (as assignor), the Trustee and the Manager entered into the Second Supplemental Indebtedness Agreement in relation to the Deferred Units Arrangement Modification. The Deferred Units Arrangement Modification, being a modification of a transaction of the Company previously approved by Shareholders in 2012, shall be subject to Rights Issue Completion and the approval of Shareholders at the GM. As advised by the Manager, the Deferred Units Arrangement Modification is also subject to the approval of the REIT Independent Unitholders at the REIT EGM.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE PARTIES TO THE DISPOSAL

#### Information of the Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123). The Group is principally engaged in property development and investment, deepening the implementation of the “1+4” national strategic layout and deep cultivation of the Greater Bay Area market, and focusing on expanding its business in Eastern China, Central China, Northern China and Southwestern China.

#### Information of the Vendor, Target Company, Intermediary Entities and Project Companies

The Vendor is incorporated in the BVI and wholly-owned by the Company and holds the entire equity interest in the Target Company.

The Target Company is incorporated in the BVI and holds 100% of the Limited Liability Partnership indirectly through the Limited Partner, which in turn holds 100% of the General Partner and 90% of the Limited Liability Partnership.

As at the Latest Practicable Date and prior to completion of the Reverse Merger, the Limited Liability Partnership and the General Partner hold 99.99% and 0.01% of the PRC Intermediary Companies, respectively, which hold the Project Companies. Following completion of the Reverse Merger, the Limited Liability Partnership and the General Partner will respectively hold 99.99% and 0.01% of the Project Companies, which are collectively the registered legal owners of the land use rights and ownership rights underlying the Property.

The Intermediary Entities are existing indirect subsidiaries of the Company and are engaged in the principal business activity of investment holding in the Property.

The Target Company is an existing indirect subsidiary of the Company and is engaged in the principal business activity of investment holding in the Property.

The principal business activity of the Vendor is investment holding.

The principal business activities of the Project Companies are operation of self-owned property, property management, property related advisory service, hotel management, together with conference and exhibition service.

#### Information of Yuexiu REIT and the Purchaser

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed, and is authorised under section 104 of the SFO. Yuexiu REIT is principally engaged in the business of leasing of commercial properties in the PRC with the primary objective of generating long-term and steady distributions Unitholders through actively managing its assets and expanding its operations. The Manager is a wholly-owned subsidiary of the Company and its principal business activity is acting as the manager of Yuexiu REIT.

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## LETTER FROM THE BOARD

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The Purchaser is a SPV wholly-owned by Yuexiu REIT that is incorporated in the BVI and principally engages in investment holding. The Purchaser is currently the indirect holding company for Yuexiu REIT's investment in the Hangzhou Property and, after the Disposal Completion, the Purchaser will also be the indirect holding company for Yuexiu REIT's investment in the Property, which investments will be held, and may be sold, by the Purchaser, independently of each other.

### IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal and the transactions contemplated thereunder constitute a major transaction of the Company. Accordingly, the Disposal and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Li Feng, an executive director of the Company, is a non-executive Director of the Manager, and is interested in 34,580 Shares (representing approximately 0.001% of the total issued Shares), Mr. Li has abstained from voting on the relevant board resolutions of the Company and will abstain from voting on the relevant resolution to approve the Disposal and the transactions contemplated under the Acquisition Deed and the Deferred Units Arrangement Modification to be proposed at the GM.

One of the conditions to the Disposal Completion is the posting of the Rights Issue Offering Documents to Unitholders and all other conditions to the Rights Issue (which includes the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms) having been fulfilled (save for the grant by the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Issue Units). The Deferred Units Arrangement Modification is an arrangement that arose as a result of the Disposal. As Yue Xiu is a party to the Underwriting Agreement, in view of the conditionality and dependency of the matters described above, Yue Xiu is considered to have a material interest in the Disposal and the Deferred Units Arrangement Modification under the Listing Rules. Accordingly, each of Yue Xiu and its close associates shall abstain from voting on the relevant resolution to approve the Disposal and transactions contemplated under the Acquisition Deed and the Deferred Units Arrangement Modification.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Disposal and therefore no other Shareholder is required to abstain from voting on the relevant resolution to approve the Disposal and the transactions contemplated under the Acquisition Deed and the Deferred Units Arrangement Modification for the purpose of the Listing Rules.

### IMPLICATIONS UNDER THE TAKEOVERS CODE AND PROPOSED APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Yuexiu Concert Group was collectively interested in 1,361,031,432 Units, representing approximately 40.8% of the total number of issued Units.

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## LETTER FROM THE BOARD

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Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscriptions for the Maximum Untaken Rights Issue Units. Assuming conditions of the Underwriting Agreement are fulfilled (or waived, if applicable), the Underwriter will be required to subscribe or procure subscriptions for the Maximum Untaken Rights Issue Units, being 730,822,457 Rights Issue Units, and the voting rights of Yuexiu REIT held by the Yuexiu Concert Group will increase from approximately 40.8% to 56.8% of the issued Units as enlarged by the allotment and issue of the Rights Issue Units upon Rights Issue Completion (excluding the further issuance of the 2021 Deferred Units on 31 December 2021, which will take place before Rights Issue Completion and will increase the percentage further). As the Underwriter may be required to take up the Maximum Untaken Rights Issue Units pursuant to the Underwriting Agreement which would result in a possible increase in its unitholding by more than 2%, Yue Xiu and the Company would be obliged to make a mandatory general offer for all the issued Units and other securities (if any) of Yuexiu REIT not already owned or agreed to be acquired by them under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

Accordingly, Yue Xiu has applied to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by the REIT Independent Unitholders present and voting (either in person or by proxy) by way of a poll at the REIT EGM; and (ii) the approval of the Disposal, the Underwriting Agreement and the transactions contemplated thereunder by more than 50% votes cast by the REIT Independent Unitholders present and voting (either in person or by proxy) by way of a poll at the REIT EGM. If the Whitewash Waiver is not granted by the Executive, or if granted, either the Whitewash Waiver or the Disposal is not approved by the REIT Independent Unitholders, the Rights Issue (and the Disposal) will not proceed.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 1 December 2021 to Monday, 6 December 2021 (both days inclusive), during which no transfer of Shares will be effected, to determine the eligibility of the Shareholders to participate in the GM. For Shareholders not already on the register of the members of the Company, in order to qualify to attend and vote at the GM, all transfer(s) of Share(s) (together with the relevant Share certificate(s)) must be lodged with the Company's share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Tuesday, 30 November 2021.

### **GM AND CIRCULAR**

The GM will be held at 9:30 a.m. on 6 December 2021 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, to approve, among other things, passing the resolution set out in the notice of the GM, which is set out on pages GM-1 and GM-2 of this circular.

Whether or not you are able to attend and vote at the GM in person, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the GM or any

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## LETTER FROM THE BOARD

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adjourned meeting thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof should you so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked. The voting in respect of the resolution to be proposed at the GM will be conducted by way of a poll.

You can vote at the GM if you are a Shareholder on 6 December 2021. You will find enclosed with this circular the notice of the GM (please refer to pages GM-1 and GM-2 in this circular) and a form of proxy for use for the GM.

### VOTING

The resolution set out in the notice of the GM would be decided by poll in accordance with the Listing Rules and the articles of association of the Company. On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy who is entitled to more than one vote need not use all of his/its votes or cast all of his/its votes in the same way. After the conclusion of the GM, the poll results will be published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.yuexiuproperty.com>.

### RECOMMENDATIONS

The Board considers that the terms of the Disposal and the transactions contemplated under the Acquisition Deed and the Deferred Units Arrangement Modification are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the GM.

**Shareholders and potential investors of the Company should be aware that the Disposal is subject to certain conditions being satisfied, therefore the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Yuexiu Property Company Limited**  
**Lin Zhaoyuan**  
*Chairman and executive Director*

## 1. INDEBTEDNESS STATEMENT OF THE GROUP

### Borrowings

As at the close of business on 7 October 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

- (1) secured and unguaranteed bank borrowings of approximately RMB7.67 billion;
- (2) secured and guaranteed bank borrowings of approximately RMB6.49 billion;
- (3) unsecured and guaranteed bank borrowings of approximately RMB18.09 billion;
- (4) unsecured and unguaranteed bank borrowings of approximately RMB2.31 billion;
- (5) secured and guaranteed other borrowings of approximately RMB0.58 billion;
- (6) unsecured and guaranteed other borrowings of approximately RMB39.48 billion;
- (7) unsecured and unguaranteed other borrowings and overdraft of approximately RMB1.80 billion; and
- (8) lease liabilities of approximately RMB0.61 billion.

The bank and other borrowings were secured by certain of the Group's properties under development, properties held for sale, investment properties, property, plant and equipment and land use rights. Certain bank and other borrowings are guaranteed by the Company, certain subsidiaries of the Group, non-controlling interests and related parties.

### Contingent Liabilities

As at 7 October 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following material contingent liabilities:

- (1) the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be liable for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group will be entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As at 7 October 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total contingent liabilities relating to these guarantees amounted to approximately RMB33.43 billion.

- (2) certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB4.80 billion in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1.58 billion was utilised and guarantee of approximately RMB3.22 billion was not utilised yet.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 7 October 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group did not have any other debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 7 October 2021 up to and including the Latest Practicable Date.

## **2. WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, after taking into account the net proceeds from the Disposal and the financial resources available to the Group, including internally generated cash flows and existing bank facilities available, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

## **3. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

Looking forward to the future, even though the COVID-19 pandemic has been initially contained throughout the world, the recovery and growth of global economy are still highly uncertain and reversible as the pandemic may resurge. The pandemic will continue to affect the recovery momentum of global economic growth for a period of time. The aggravation of global inflation and tightening of liquidity will result in instability of the global economic growth and financial market. Besides, unstable China-US relations and various geopolitical problems will pose potential risks to the global economic growth. China led the way in economic recovery during the pandemic and showed a strong rebound in its economy. However, under the great pressure from the prevention and control of the pandemic, the foundation of China's economic recovery remains unstable as there are various uncertainties from external environment and the macro-economy is still under recovery. In the future, stabilising economic growth will remain to be the main goal of economic work. The Chinese government is expected to continue to intensify its efforts to stabilise macroeconomic growth, implement a proactive fiscal policy and a prudent monetary policy, maintain flexibility in the implementation of macroeconomic policies and continues to create a new development pattern that focuses on domestic circulation, and international circulation that would be in synergy with the domestic circulation, so as to consolidate the foundation of economic recovery and promote the high-quality development of the economy.

In respect of the property policies, the government's regulatory policies will remain stable by consistently focusing on positioning "housing for living instead of speculation", so as to stabilise land premium, housing price and expectation. It is expected that property regulatory policies in core cities will be tightened, the regulation in terms of market, land and capital will be further strengthened and more precise. Each local government will implement region-specific policies in consideration of local situation, and regulate flexibly to keep the stable development of the property industry and the market.

In terms of property market, both rigid and improved demand will still dominate the overall market, and the total market transaction size and price will remain stable. However, the market performance in different levels of cities and different regions will still show obvious differentiation, and the market concentration of industry will keep increasing. The demand in megalopolis and metropolitan areas including the Greater Bay Area and the Yangtze River Delta remains strong, but the level of control will also be strengthened. The government will enhance land supply, and optimise and implement policies and practice for centralised transfer of land in the second half of the year according to the experience learnt from the centralised transfer of first batch of lands in the first half of the year. The overall performance of land market will gradually become rational under tightening control on capital side of property developers. The government will continue to strengthen the supervision of property developers. "Three Red Lines" and loan concentration management of financial institutions will result in a tightened financing environment for property developers, with different effects on different property developers.

In terms of operations, the Group will accelerate project development and have sufficient supplies in sales to ensure that projects are delivered and completed as scheduled. The Group will continue to improve product competitiveness, optimise the standardised product system, upgrade unique TOD product line and service system, enhance and optimise life-cycle operation management system of projects and accelerate turnover and development efficiency of projects. In terms of sales, the Group will seek to achieve full year sales target and cash collection rate by formulating sales strategies based on the "one city, one policy" and "one project, one policy", and ensuring supplies, sales, and cash collections. In terms of financial aspect, due to liquidity risks resulting from more stringent control policies and uncertainties in the market environment, the Group will strengthen its management of cash flows from operating activities and conduct an overall management of onshore and offshore funds to increase efficiency in capital utilisation. The Group will continue to ensure no breach of any of the "Three Red Lines", being in "green lights". Moreover, the Group will fully utilise diversified financing channels at onshore and offshore markets to maintain reasonable financing costs. Meanwhile, to identify and prevent risk, the Group will optimise its financial risk monitoring system. The Group will continue to maintain its investment-grade credit ratings of Moody's and Fitch.

*The following is the text of a letter, a summary report prepared for the purpose of incorporation in this circular received from Colliers International (Hong Kong) Limited (“Company”), an independent valuer, in connection with its valuation as at 31 August 2021 of the property interests of the Target Company held by the Group.*

**Yuexiu Property Company Limited**

26/Floor, Yue Xiu Building,  
160 Lockhark Road, Wanchai,  
Hong Kong

Our Ref: 21-1059

13 November 2021



**Colliers International (Hong Kong) Limited**  
Valuation & Advisory Services  
Company Licence No.: C-006052

Suite 5701, Central Plaza,  
No. 18 Harbour Road,  
Wanchai, Hong Kong

T: (852) 2828 9888  
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colliers.com

Dear Sir or Madam,

**Valuation of Yuexiu Financial Tower, No. 28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC (the “Property”)****INSTRUCTIONS**

We refer to the instructions received from Yuexiu Property Company Limited (the “Client”) for us to assess the market value of Yuexiu Financial Tower, No.28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 31 August 2021 (the “Valuation Date”), for Public Disclosure Purposes.

**BASIS OF VALUATION**

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

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

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

**VALUATION STANDARDS**

The valuation has been carried out in accordance with the latest edition of Royal Institution of Chartered Surveyors (the “RICS”) Valuation - Global Standards, the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), incorporating the International Valuation Standards of the International Valuation Standards Council (“IVSC”). Chapter 5 and Practice Note 12 of the Listing Rules.

**QUALIFICATIONS OF THE VALUER**

The valuation has been prepared by Ms. Zhirong He (Flora He) (RICS Registration No.:1259301) and Ms. Dorothy Chow (RICS Registration No.:852464).

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

Ms. Dorothy Chow, Executive Director of the Valuation and Advisory Services, Asia at Colliers is an experienced competent valuer and has over 24 years’ experience in undertaking valuation of this type in Hong Kong and China. She is a Member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap.417) in the Hong Kong Special Administrative Region.

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

**VALUATION APPROACHES**

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and / or offerings of comparable property. In the course of our valuation, we have principally adopted the Income Capitalisation Method and cross-checked by the Market Approach.

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

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

### **SOURCES OF INFORMATION**

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Client and its legal advisor in respect of the titles of the Property interest in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, statutory notices, easements, tenure, joint venture agreements, the identification of the property interests and all other relevant matters.

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

### **TITLE DOCUMENTS**

We have been provided with copies or extracts of all title documents relating to the property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property interests in the PRC or any material encumbrances that might be attached to the property interests or any lease amendments.

We have relied on the advice given by the Manager and its legal adviser on the laws of the PRC, “King & Wood Mallesons Law Firm” (hereinafter referred to as the “PRC Legal Adviser”) regarding title to and ownership of the Property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Adviser into account, in particular title, ownership, encumbrances and so on of the Property.

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

### **ASSUMPTIONS AND CAVEATS**

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

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. It is advised by the PRC Legal Adviser that Yuexiu Financial Tower Project Companies legally own, occupy, transfer and lease out the Property in accordance with the relevant PRC laws free from encumbrances, subject to the conditions of the relevant pre-sale permits and existing leases and consent of mortgagees (if any), and applicable local laws and regulations.

We have conducted the valuation assuming:

- the information about the Property provided are true and correct;
- the Property are free from contamination and the ground conditions are satisfactory;
- The tenanted property will continue to be occupied and maintained in good order.
- Where applicable no structural survey or testing of the services within or connected to the Property has been carried out. As appropriate we have assumed the Property are structurally sound, maintained in a condition fit for purpose, with all provided services in working order.
- We have valued the Property assuming no reduction in value to reflect any possible diminution in value resulting from a placing of the Property on the market together as one at the same time for sale.

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

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

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

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

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

**SITE MEASUREMENT**

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

**SITE INSPECTION**

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

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

Site inspection of the Property was carried out by Ms. Zhirong He (Flora He) (RICS Registration No.:1259301) and Ms. Zijuan Xu (Cheryl Xu) (CIREA Registration No.:4420150019) on 30 July 2021.

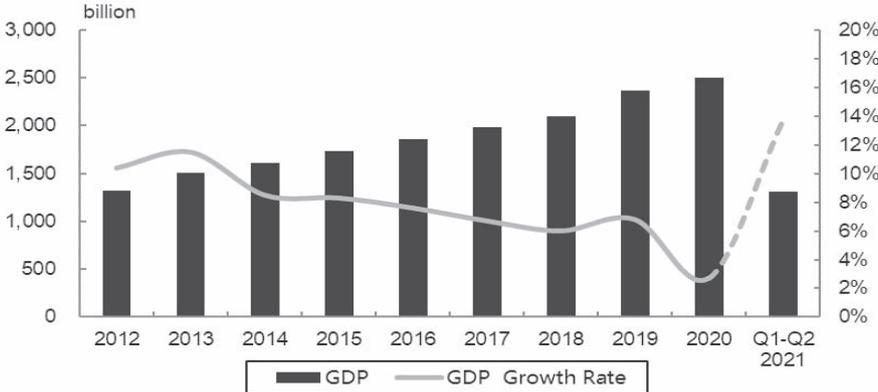
**MARKET COMMENTARY****GUANGZHOU***Overview*

Guangzhou is the capital of Guangdong Province, acting as the political, economic, scientific, technological, educational, and cultural centre. It is also the important central city, an international trade centre and a comprehensive transportation hub in China. By 2020, Guangzhou has a total area of 7,434.4 square kilometres and a total permanent population of about 18.7 million.

As of end of Q2 2021, Guangzhou recorded GDP of RMB1,310.2 billion, with a year-on-year (YOY) increase of 13.7% and an average YOY growth rate of 5.2% for two consecutive years. The secondary industry contributed to RMB342.1 billion with 16.3% YOY growth. The added value of the tertiary industry was RMB955.8 billion, with a YOY increase of 12.8% and an average YOY increase of 5.8% over the two years.

The service industry also rebounded stably. In the first five months of 2021, the operating income of the service industry above designated size had a YOY growth rate of 31.8%. The recovery of commodity sales had accelerated. In the first half of 2021, the city's total retail sales of consumer goods were RMB503.4 billion, achieving a YOY increase of 19.0%, and an increase of 3.3% for two consecutive years. The city's fixed asset investment grew by 26.5% YOY and an average growth rate of 13.3% over the two years.

GDP and GDP Growth Rate of Guangzhou, 2012 — Q2 2021

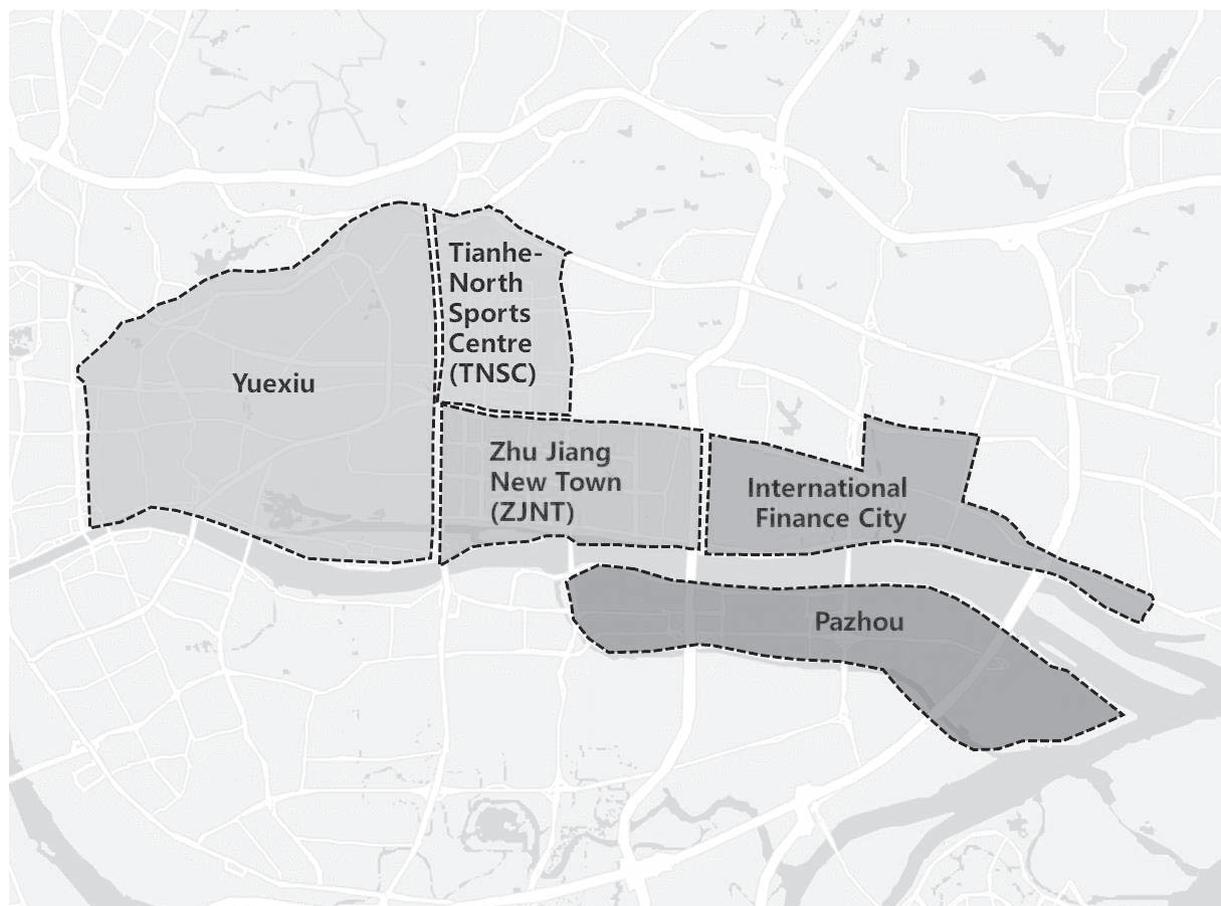


Source: Guangzhou Statistics Bureau

Guangzhou Office Property Market

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

## Map of Guangzhou Office Submarkets



*Source: Colliers*

In Q2 2021, about 73,000 square metres (sq m) supply entered the market brought by the new supply of Siyou Vanke Centre (寺右萬科中心). At the same time, the absorption reached about 110,000 sq m, resulted in the decrease of vacancy rate to 7.2%.

There was no new supply in Tianhe-North Sports Centre and Yuexiu Submarket in Q2 2021. The vacancy rate of Tianhe-North Sports Centre and Yuexiu Submarket dropped down slightly to 9.7% and 7.9% respectively. While the rental remained stable at RMB164.0 per sq m per month and RMB128.9 per sq m per month respectively.

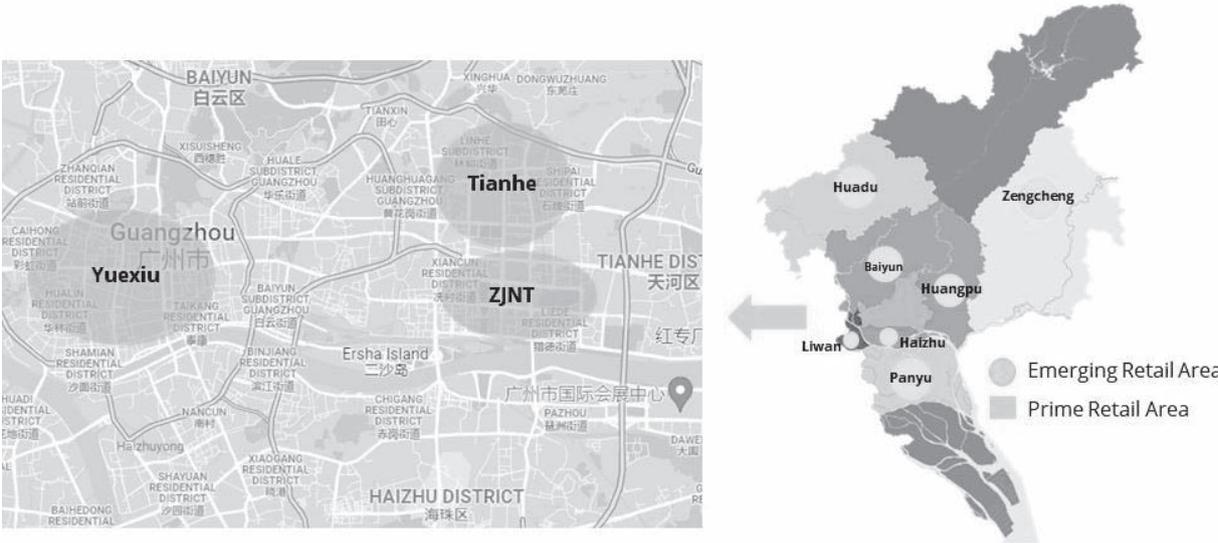
As an emerging submarket, Pazhou has relatively low rents. As with no new supply entering the market in Q2 2021, the vacancy rate decreased a little to 7.0% and the rent kept around RMB146.5 per sq m per month. Due to the new supply in ZJNT, its vacancy rate increased to 6.7% but still was the submarket with the lowest vacancy rate in Guangzhou. The rent of ZJNT remained stable at approximately RMB 182.0 per sq m per month.

Looking forward, between 2021 and 2025, Guangzhou Grade A office market is expected to witness more than 3 million sq m future supply, about 1.8 million sq m of which might be available to circulate in the leasing market. Among all the submarkets, Pazhou Submarket would contribute approximately 61% of city’s total future supply. Meanwhile, the overall leasing demand of Guangzhou Grade A office market shall also remain active in the near future. As Guangzhou government has been promoting the development of Guangzhou toward digital industrialization, it is expected that the enterprises in digital industries shall experience strong growing momentum over the next few years. With the firm demand, it is expected that the rental level of Guangzhou Grade A office market shall increase steadily.

*Guangzhou Retail Property Market*

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

**Map of Guangzhou Major Retail Submarkets**



Source: Colliers

By end August 2021, the total prime retail stock in Guangzhou topped 6.8 million sq m, including 579,000 sq m new supply of 6 projects entering the market, most in the emerging areas. Tianhe and Yuexiu remain to be the two biggest markets. Tianhe particularly, is the only submarket with more than one million retail space. Emerging areas are experiencing rapid development, the market share of which accounted for approximately 60% of total retail stock.

### Retail New Supply in Guangzhou, 2021

Project	Area	GFA (sq m)	Opening Date
Huatong Square (華通廣場)	Baiyun	60,000	Aug 2021
Tongbanhui Commercial Square (童伴薈商業廣場)	Zengcheng	60,000	July 2021
M.LIVE Phase II (美林M.LIVE天地(二期))	Tianhe	120,000	July 2021
Huadu Yale City (花都雅樂城)	Huadu	69,000	May 2021
AEON Mall (廣州新塘永旺夢樂城)	Zengcheng	230,000	May 2021
Jadingmao Square (拉丁茂廣場)	Huadu	40,000	May 2021

Source: Colliers

In Q2 2021, the leasing market remained active from April to May. In the following June, due to the small-scale outbreak of the local epidemic, the leasing market was slightly affected, and property investigation, brand engagement and other activities were delayed. From the overall perspective, most of retailers have confidence in the long-term business environment and market development prospects, meanwhile continue to look for suitable opportunities to set up new stores. The main transactions in this quarter include that ACQUA PARMA opened a new store in Tianhuan square, Shallow Pot (淺鍋) also opened its first store in Guangzhou in the same shopping centre, and Tie For Her opened a new store in Wanlinghui (萬菱匯). As of the end of Q2 2021, the average vacancy rate of the Guangzhou retail property market increased 0.3 percentage points QOQ to 13.0%, whereas the city's average ground floor rent was recorded at RMB694.8 psm per month.

Looking ahead, it is expected that a total of 7 new shopping malls with aggregate GFA of 525,000 sq m will be scheduled for completion in the rest of 2021. Considering the surge of new supply and the vicinity of the pipeline projects, competition among these new shopping centres might further intensify, driving the vacancy rate to increase and the rental level to drop in the short term. The retail ambience in the emerging area such as Panyu, Huangpu and Zengcheng is expected to improve with the openings of new shopping centres and the development of transport infrastructure. Retail sector wise, the domestic brands in the FMCG and mass fashion industry shall continuously experience strong growth. Home and lifestyle, F&B, and luxury sectors shall also see strong growth momentum. The outlook for retail market in Guangzhou should remain positive in mid-to long term.

### LIMITING CONDITIONS

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

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

**REMARKS**

We hereby confirmed that:

- We have no present or prospective interest in Yuexiu Property Company Limited and are not related corporation of nor have relationship with the Manager, the Trustee or any other party or parties which Yuexiu Property Company Limited is contracting with;
- We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of property;
- Our opinions have been given on fair and unbiased basis; and
- We are acting as an independent valuer as defined in “RICS Global Valuation Standards 2020”, the “HKIS Valuation Standards 2020” published by the RICS and the HKIS, which incorporates with the IVSC.

**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation summary report is attached hereto.

Yours faithfully,  
For and on behalf of

**Colliers International (Hong Kong) Limited**

**Zhirong He (Flora He)**

*Registered Valuer (RICS)*

*FRICS MCOMFIN*

*Executive Director, Valuation and  
Advisory Services, China*

**Dorothy Chow**

*Registered Valuer (RICS)*

*BSc MRICS MHKIS RPS (GP) MCIREA*

*Executive Director, Valuation &  
Advisory Services, Asia*

*Note: Ms. Zhirong He is a Registered Valuer with over 18 years' experience in valuation of property in PRC. Ms. Dorothy Chow is a professional surveyor who has over 24 years' experience in valuation of property in Hong Kong and PRC.*

## VALUATION SUMMARY

THE PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 AUGUST 2021												
<p>Yuexiu Financial Tower, No.28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC</p>	<p>The Property, known as “Yuexiu Financial Tower”, was completed in August 2015 and it comprises a mixed-use development with a 68-storey above ground and a 4-storey basement erected on a site with a site area of 9,831.00 square metres (sq m).</p> <p>The Property consists of retail, office and 827 underground car spaces with a total gross floor area (GFA) of 210,282.94 sq m with details as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">3,818.19</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">166,378.62</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;">10,289.05</td> </tr> <tr> <td>Others*</td> <td style="text-align: right;"><u>29,797.08</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>210,282.94</b></td> </tr> </tbody> </table> <p><i>*Others refer to the public common area and facility room etc. of the Property which has no real estate ownership certificates.</i></p> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of the Property have been granted for office and carpark uses for a term of 50 years from 16 April 2007; for retail use for a term of 40 years from 16 April 2007.</p>	Use	Gross Floor Area (sq m)	Retail	3,818.19	Office	166,378.62	Carpark	10,289.05	Others*	<u>29,797.08</u>	<b>Total</b>	<b>210,282.94</b>	<p>As at the Valuation Date, retail and office portions of the Property having occupancy rates of 100% and 94.54% respectively, were let to various tenants at an aggregate monthly rent of approximately RMB30,254,000 (exclusive of outgoings or disbursements from the rent, being value-added tax, management fees and utility charges) with the latest expiry date of 30 November 2028. Whilst the carpark spaces were currently under normal operation by property management company.</p>	<p><b>RMB 8,030,000,000</b></p> <p>(RENMINBI EIGHT BILLION AND THIRTY MILLION)</p>
Use	Gross Floor Area (sq m)														
Retail	3,818.19														
Office	166,378.62														
Carpark	10,289.05														
Others*	<u>29,797.08</u>														
<b>Total</b>	<b>210,282.94</b>														

Notes:

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

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

- ii) The non-conforming uses of certain premises are located in the underground premises of the Property shall be used as carparks and in times of war as civil defence shelter, the Citizens Passage was designated by the Guangzhou government as being set aside for the purpose of facilitating foot traffic in ZJNT and certain premises of the Property shall serve as common areas and municipal public services facilities. We have taken into account the non-conforming uses of certain premises by disregarding the rental income generated by the relevant premises pursuant to the valuation standards.
- iii) The Project Companies have not obtained the real estate ownership certificate in respect of the Citizens Passage. We have taken this into account by disregarding the rental income generated by the Citizens Passage pursuant to the valuation standards.
- iv) The PRC Legal Adviser has provided certain advice in its legal opinion and/or the circular, including but not limit to the following:
- a) Guangzhou City Construction & Development Company Limited (GCCDL) is the developer of the Property and allocated the Property interest to its four wholly owned subsidiaries subsequently. GCCL’s ownership and rights to the Property will not be diminished by the allocation of interests. GCCDL is the ultimate owner of the Property;
- b) The ownership of the Property is vested in Yuexiu Financial Tower Project Companies. To be specific, Level 1 to Level 20 and 235 carpark units in B3 are vested in 廣州佳耀置業有限公司; Level 21 to Level 35 (L33 and L34 are escape floor) and 236 carpark units in B2 are vested in 廣州譽耀置業有限公司; Level 37 to Level 50 and 241 carpark units in B4 are vested in 廣州景耀置業有限公司; Level 53 to Level 68 and 115 carpark units in B1 are vested in 廣州晉耀置業有限公司;
- c) The non-conforming uses of certain premises may subject the Property to certain legal consequences and enforcement actions including fines, rectification orders, repossession, and confiscation of income generated from the Non-conforming Uses by the relevant PRC land authorities in accordance with the relevant laws and regulations of the PRC;
- d) The PRC Legal Advisors also advised that the Non-conforming Uses will not, in and of themselves, prevent the Property from being leased, bought, sold or being accepted by banks as security for mortgages; and the risk of any of the enforcement actions (mentioned in c) being imposed in respect of the Non-conforming Uses is practically non-existent;

- e) Yuexiu Financial Tower Project Companies have legally obtained the state-owned land use rights and are the sole users of the land use rights in respect of the Property. The Project Companies are the sole owners of the building ownership rights underlying the Property and that such rights are free from encumbrances, save for the existing mortgages on all the aboveground units and part of the carpark spaces of the Property which will be discharged prior to Acquisition Completion;
- f) Yuexiu Financial Tower Project Companies legally own, occupy, transfer and lease out the Property in accordance with the relevant PRC laws free from encumbrances, subject to the conditions of the relevant pre-sale permits and existing leases and consent of mortgagees (if any), and applicable local laws and regulations.
- v) As Advised by the Manager, Yuexiu Financial Tower Project Companies shall enter into a new carpark master lease agreement upon Acquisition Completion, pursuant to which the carpark spaces as a whole will be master leased to the Carpark Master Lessee for the period commencing from Acquisition Completion Date to 31 December 2024 for RMB14,180,000 per annum.
- vi) As Advised by the Manager, the Target Company entered into a naming rights agreement on 24 October 2021, for the period between Acquisition Completion Date and 31 December 2023 for a total cash consideration of RMB60,000,000. We have not taken into account the income generated by naming rights pursuant to the valuation standards.
- vii) As confirmed by Yuexiu Financial Tower Project Companies, there is no breach of environmental regulation(s); and there is no pending litigation(s), breach of law or little defect(s) which may affect the value(s) of the Property; and there is no plan for construction, renovation, improvement, or development of the Property after Acquisition, and there is no plan to sell, dispose of or change the use of the Property after Acquisition.
- viii) Rentable area breakdown and annual rental income exclusive of value-added tax, property management fee as well as other income as at the Valuation Date of the Property are tabulated as follows:

Use	Annual Rental Income <sup>1</sup>				
	Rentable Area (sq m)	Contracted Rentable Area (sq m)	Vacant Rentable Area (sq m)	Contracted Rental Income for the year commencing on 1 September 2021 <sup>2</sup> (approx.)	Annualized Rental Income <sup>3</sup> (approx.)
Retail	3,818.19	3,818.19	—	RMB 9,103,000	RMB 10,231,000
Office	166,378.62	157,293.16	9,085.46	RMB298,224,000	RMB352,815,000
<b>Total</b>	<b>170,196.81</b>	<b>161,111.35</b>	<b>9,085.46</b>	<b>RMB307,327,000</b>	<b>RMB363,046,000</b>

\*Notes:

- a) Part of the office portion was in rent free period as at the Valuation Date, translated into a total annualized rental income of approximately RMB14,772,000; b) Carpark Master Lease Agreement with an annual income of RMB14,180,000 (see Note v above); and 3) Naming Rights Agreement for the period between Acquisition Completion Date and 31 December 2023 of RMB60,000,000 (see Note vi above) were not considered herein;
- Contracted Rental Income for the year commencing on 1 September 2021 is the rental income based on existing lease for the period from 1 September 2021 to 31 August 2022 by disregarding the potential rental income from lease renewals and new lease(s); and
- Annualised Rental Income is the annualized rental income of August 2021.

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Rentable Area
0	1	3.0%
1	2	26.7%
2	3	0.0%
3	4	8.6%
4	5	18.1%
5	6	43.6%
6	7	0.0%
7	8	0.0%
8	9	0.0%
9	10 or more	0.0%
<b>Total</b>		<b><u>100.0%</u></b>

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

Year of Expiry	Proportion by Rentable Area
In 2021	3.8%
In 2022	1.3%
In 2023	68.2%
In 2024	8.6%
In 2025 and afterward	18.1%
<b>Total</b>	<b><u>100.0%</u></b>

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Rentable Area
0	1	7.1%
1	2	4.3%
2	3	37.2%
3	4	3.0%
4	5	29.3%
5	6	10.6%
6	7	0.8%
7	8	1.8%
8	9	0.0%
9	10 or more	<u>5.9%</u>
<b>Total</b>		<b><u><u>100.0%</u></u></b>

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

Year of Expiry	Proportion by Rentable Area
In 2021	17.8%
In 2022	10.9%
In 2023	24.6%
In 2024	14.5%
In 2025 and afterward	<u>32.2%</u>
<b>Total</b>	<b><u><u>100.0%</u></u></b>

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum
Office	Income Capitalisation Method	Term Yield	3.60% per annum
		Reversion Yield	4.10% per annum
Carpark	Income Capitalisation Method	Term Yield	3.85% per annum
		Reversion Yield	4.35% per annum

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

<b>Portion</b>	<b>Income Capitalisation Method</b>	<b>Market Value</b>
Retail	RMB 184,000,000	RMB 184,000,000
Office	RMB7,575,000,000	RMB7,575,000,000
Carpark	RMB 271,000,000	RMB 271,000,000
<b>Total</b>	<b>RMB8,030,000,000</b>	<b>RMB8,030,000,000</b>

xvii) The estimated net yield of the Property is 4.5% per annum which is derived from the estimated rental received in August 2021 excluding the value-added tax divided by the market value as at the Valuation Date.

xviii) In assessing the market value of the Property, we have cross-checked by sales prices of similar properties in the vicinity. Comparables that had been selected include ranges from RMB45,000 to RMB61,500 psm on aboveground GFA. In the course of our valuation, we have considered the relevant adjustment factors such as the location, size, accessibility, environment, building facilities, age/maintenance, etc. to determine the unit price of the Property. The adopted unit price of the Property as at the Valuation Date was approximately RMB48,000 psm on aboveground GFA from Market Approach. The unit price on aboveground GFA from Market Approach is higher than the unit price on aboveground GFA from Income Approach by 1.7%.

## APPENDIX 1 — CAVEATS AND ASSUMPTIONS

## 1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

**‘Confidential Information’** means information that:

- (a) Is by its nature confidential.
- (b) Is designated by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.
- (e) You or Your affiliates provide to Us for the purposes of the Services.

**‘Currency Date’** means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

**‘Fee’** means the amount agreed to be paid for the Services as set out in the Quotation.

**‘Parties’** means You or Us as the context dictates.

**‘Quotation’** means the written quote provided by Us in relation to the Services.

**‘Services’** means the valuation services provided pursuant to these terms and conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

**‘The Property’** means the assets which are subject of our appointment as your advisor. This may include land, buildings, plant & equipment and other assets as described in the appointment agreement.

**‘We’, ‘Us’, ‘Our’, ‘Colliers’** means Colliers.

**‘You’, ‘Your’, ‘Client’** means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

**‘Professional Property Practice Standards’** refers to RICS Valuation - Professional Standards, or appropriate standards.

**2. PERFORMANCE OF SERVICES**

- 2.1 We have provided the Services in accordance with:
- (a) The terms and conditions contained herein; or
  - (b) As specifically instructed by You for the purpose of the Services; and
  - (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

**3. CONDITION OF THE PROPERTY**

- 3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.
- 3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.
- 3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.
- 3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.
- 3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.6 An internal inspection has been made, unless otherwise stated, no detailed on-site measurements have been taken.
- 3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

- 3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.
- 3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.
- 3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

#### **4. ENVIRONMENT AND PLANNING**

- 4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show the site is contaminated, our valuation may require revision.

#### **5. BUILDING AREAS**

- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate building areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

#### **6. OTHER ASSUMPTIONS**

- 6.1 Unless otherwise notified by You, We will assume:
- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the title.
  - (b) All licences and permits can be renewed and We have not made any enquiries in this regard.

- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural / dilapidation reports), we will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the Client has provided us, to the best of its knowledge, with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.
- 6.6 Our opinion about the market value of the property is free from any influence and/ or point of views of any other parties.

## **7. ESTIMATED SELLING PRICE**

- 7.1 Where you instruct Us to provide an estimated selling price, You agree that the Services:
- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
  - (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of title(s) or other enquiries as to encumbrances, restrictions or impediments on title(s); or other investigations which would be required for a formal valuation.
  - (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price.

**8. CURRENCY OF VALUATION**

- 8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
- 8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
- 8.3 Without limiting the generality of 8.2, You should not rely upon Our valuation:
- (a) After the expiry of 3 months from the Currency Date;
  - (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

**9. MARKET PROJECTIONS**

- 9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

**10. YOUR OBLIGATIONS**

- 10.1 You warrant that the instructions and subsequent information supplied by You, to the best of your knowledge, contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it / they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/or a copy of these terms and conditions.
- 10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
  - (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
  - (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.
- 10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and relying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.
- 10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made for any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

## **11. CONFIDENTIALITY**

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and/or the purposes as specified in the agreement, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

## **12. PRIVACY**

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

**13. SUBCONTRACTING**

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these terms and conditions, with Your consent.

**14. LIMITATION OF COLLIERS LIABILITY**

14.1 To the extent permissible under applicable laws, in no event shall Colliers be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (examples being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers. Notwithstanding this, Colliers reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons / judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

- 14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error / offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to be held liable for an amount of three times Our contracted fee for the assignment per property.
- 14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.
- 14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorised party.
- 14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.
- 14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

## **15. ENTIRE AGREEMENT**

- 15.1 No further agreement, amendment or modification of these terms and conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 15.2 If there is inconsistency between these terms and conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
- 15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated.

**16. ANTI BRIBERY AND CORRUPTION MEASURES**

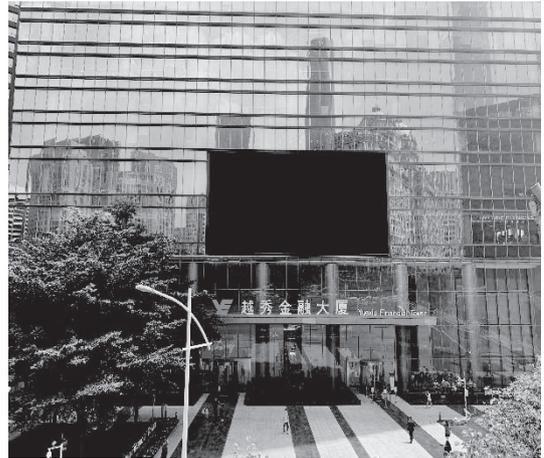
16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, “Consultant”) has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term “Government Official” in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

APPENDIX 2 — PHOTOS OF THE PROPERTY



*Main Appearance of the Property*



*South Entrance of the Property*



*North Entrance of the Property*



*Office lobby*



*Interior-Office*



*Retail*



*Retail*



*Retail*

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**APPENDIX IIB VALUATION REPORT OF 100% EQUITY INTEREST IN TARGET COMPANY**

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*The following is the text of a letter, a summary of values and summary reports prepared for the purpose of incorporation in this circular received from Beijing Colliers International Real Estate Valuation Co., Ltd., an independent valuer, in connection with its valuation as at 31 August 2021 of the equity value of the Target Company held by the Group.*

**Beijing Colliers International Real Estate Valuation Co., Ltd.**

Suite 507, Block A Gemdale Plaza,  
No. 91 Jianguo Road, Chaoyang District, Beijing

The Board of Directors

**Yuexiu Property Company Limited**

Our Ref: 21-12952

13 November 2021

Dear Sir/Madam,

**Re: Valuation of Equity Interest of Gain Force Investments Ltd.**

With reference to your instructions, we have prepared a report setting out our opinion of the market value of Gain Force Investments Ltd. which is listed in the table below:

<b>NO.</b>	<b>COMPANY NAME</b>	<b>INTEREST ATTRIBUTABLE TO THE GROUP</b>
1.	Gain Force Investments Ltd. (“the Target Company”)	100%

The Target Company above is principally engaged in investment holding in and property operation of Yuexiu Financial Tower (越秀金融大厦) (“the Property”). The target company indirectly holds 100% of certain project companies (the “Project Companies”), being the registered legal owners of the land use rights and current ownership rights underlying the Property, through certain intermediary entities (the “Intermediary entities”).

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary to allow us to provide you with our opinion of value, as at 31 August 2021 (the “Valuation Date”), for public disclosure purposes.

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**APPENDIX IIB      VALUATION REPORT OF 100% EQUITY INTEREST IN  
TARGET COMPANY**

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This report is for your sole use and for the purposes indicated and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this valuation report nor any reference thereto may be included in any published documents, circular or statement, nor published in any way whatsoever without prior written approval of Beijing Colliers International Real Estate Valuation Co., Ltd. (“Colliers”) as to the form and context in which it may appear.

If you have any queries concerning the report, please feel free to contact Flora, who would be most pleased to help.

Yours faithfully,

For and on behalf of

**Beijing Colliers International Real Estate Valuation Co., Ltd.**

**Zhirong He (Flora He)**

*Registered Valuer (RICS)*

*FRICS MCOMFIN*

*Executive Director, Valuation and Advisory Services, China*

*Note: Ms. Zhirong He holds a master’s degree of Commerce (Finance and Business Information System). She is a Registered Valuer with over 18 years’ experience in real estate industry and assets valuation sector. Her experience on valuation covers Mainland China. Ms. He is a fellow member of the Royal Institution of Chartered Surveyors.*

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**APPENDIX IIB VALUATION REPORT OF 100% EQUITY INTEREST IN TARGET COMPANY**

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**INSTRUCTIONS**

In accordance with the instructions received from Yuexiu Property Company Limited (the “Client”), we have undertaken a valuation exercise to express an independent opinion on the market value of the Equity Interest of Gain Force Investments Ltd. (“The Target Company”). Our valuation work was performed subject to the assumptions and limiting conditions described in this report. We confirm that we have reviewed the information/documents provided by the Client, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value the Target Company as at 31 August 2021 (the “Valuation Date”).

We understand that the Target Company is principally engaged in investment holding in and property operation. The target company indirectly holds 100% of the Project Companies, being the registered legal owners of the land use rights and current ownership rights underlying the Property, through certain Intermediary Entities. The Target Company is a company incorporated in the British Virgin Islands as a BVI Business Company, and was established from 5 January 2010.

<b>NO.</b>	<b>COMPANY NAME</b>	<b>LOCATION</b>	<b>FOUNDATION DATE</b>
1.	Gain Force Investments Ltd.	2401, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong	5 January 2010

This report outlines the purpose of valuation, premise of value, sources of information, identifies the business appraised, describes the valuation methodology of our valuation, assumptions and limiting conditions, and presents our investigation, analysis and our opinion of value.

**PURPOSE OF VALUATION**

The purpose of this valuation is to express an independent opinion on the market value of the Equity Interest of the Target Company as at the Valuation Date. It is our understanding that this valuation will be used by the Client for Public Disclosure purposes.

This report is being prepared solely for the use of the Client for the above-mentioned purpose and is not to be used for any other purpose, including issue to third parties, without our prior approval of the use, form and context in which it is released.

Colliers assumes no responsibility whatsoever to any person other than the directors and management of the Client in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

**BASIS OF VALUATION**

Our valuation has been prepared in accordance with the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum and the International Valuation Standards 2020 published by the International Valuation Standards Council, where applicable.

Our valuation is based on the going concern premise and conducted on a market value basis. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

## **1. INTRODUCTION**

### **1.1 OVERVIEW OF THE TARGET COMPANY**

We understand that the Target Company is principally engaged in investment holding in and property operation. The target company indirectly holds 100% of the Project Companies, being the registered legal owners of the land use rights and current ownership rights underlying the Property, through certain Intermediary Entities. The Target Company is a company incorporated in the British Virgin Islands as a BVI Business Company

We understand that Gain Force Investments Ltd. is principally engaged in investment holding and property operation of Yuexiu Financial Tower (越秀金融大厦) (the “Property”) as at the Valuation Date.

### **OVERVIEW OF THE PROPERTY**

The Property, known as Yuexiu Financial Tower, located at No.28 Zhu Jiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC, was completed in August 2015 and it comprises a mixed-use development with a 68-storey above ground and a 4-storey basement erected on a site with a site area of 9,831.00 square metres (sq m). The Property consists of retail, office and 827 underground car spaces with a total gross floor area (GFA) of 210,282.94 sq m.

More information of the Property, please refer to our valuation report on the Property.

## **2. SCOPE OF SERVICE**

This engagement involved an analysis of the Target Company as at the Valuation Date. In undertaking this valuation assignment, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the Client or its representatives:

- Conducted property visit;
- Conducted meeting(s) and/or discussion with the Client;
- Obtained the relevant financial and operational information related to the Target Company and their business;
- Performed market research and obtained statistical data from public sources;
- Examined all relevant bases and assumptions of both the financial and operational information related to the subject matter, which were provided by the Client;
- Conducted valuation of the subject matter using the respective standards of value that are most appropriate; and
- Documented the result of our findings in this valuation report.

### **3. SOURCE OF INFORMATION**

In conducting our valuation of the Equity Interest, we have considered, reviewed and relied upon the following key information provided by the Client. We relied on the following information in performing this appraisal:

- Background of the Target Company and relevant corporate information;
- Business registration details of the Target Company provided by the Client; and
- Financial statements of the Target Company for the period ended 31 August 2021.

We assumed that the data and information we obtained in the course of the valuation, along with the opinions and representations provided to us by the Client are true and accurate and accepted them without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading.

In addition, we have also obtained market data, industrial information and statistical figures from Bloomberg database and other publicly available sources.

### **4. VALUATION METHODOLOGY**

#### **4.1 VALUATION APPROACH AND RATIONALE**

We have adopted the asset-based approach to assess the equity interest of the Target Company. Asset-based approach indicates the value of a business or a company by adjusting the asset and liability balances on the valuation subject's balance sheet to their market value equivalents. Under this approach, the assets of a business or a company are valued by reference to their own worth and without necessarily considering what profits they can generate.

From a valuation perspective, the valuer will restate the values of all types of assets of a business entity from book value (i.e. historical cost minus depreciation) to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

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**APPENDIX IIB      VALUATION REPORT OF 100% EQUITY INTEREST IN  
TARGET COMPANY**

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*Inventory and investment real estate*

In valuing the related property, which is held by the Target Company for investment in the PRC, We have assumed that the owners can sell the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Property. In arriving at our opinion of values, we have principally adopted the Income Capitalisation Method and cross-checked by the Market Approach. Income Capitalisation Method estimates the value of property or assets on a market basis by capitalizing net rental income on a fully leased basis. Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

*Bank balances and cash*

For the valuation of bank balances and cash and tradable financial assets, we have adopted the book value in the management account as at the Valuation Date.

*Account receivables, prepayments and other receivables*

For the valuation of Account receivables, prepayments and other receivables, we have adopted the book value in the management account as at the Valuation Date based on Client's management assessed recoverable amount.

*Other non-current asset*

Such as property, plant and equipment, we have assumed the book value in the management account as Market Value as at the Valuation Date as we understand from the Client that the items were still in use as at the Valuation Date and the total amount was not expected to be significantly different from its Market Value.

*Long-term equity investment*

Determine the market value based on the product of the percentage of equity held by the target company on the Valuation Date and its valuation value.

*Accounts payable, other payables and accrued charges*

For the valuation of accounts payable, other payables and accrued charges, we have adopted the book value in the management account as at the Valuation Date.

*Receipt in advance*

For the valuation of receipt in advance, we have adopted the book value in the management account as at the Valuation Date.

*Borrowings*

For the valuation of borrowings, we have adopted the book value in the management account as at the Valuation Date.

*Tax*

For the valuation of tax, we have adopted the book value in the management account as at the Valuation Date.

*Deferred Tax*

The deferred tax liability is valued based on the increase in value from book value of the Property to the appraised value. 25% tax rate of corporate income tax is applied in this exercise. The valuation result of Deferred Tax Liability could only be recognized when the Target Company amounted sufficient taxable payables.

**4.2 VALUATION OF INVESTMENT PROPERTY**

The asset held by the Target Company mainly include the investment property (the Property), cash, deferred tax assets, prepayment and other receivables, etc. Our valuation work has focused on the Property valuation.

To estimate the market value of the Property, we have considered the Income Capitalisation Method and cross-checked by the Market Approach to assess the market value.

Using above valuation approach, the market value of the Property as at the Valuation Date is approximately RMB8,030,000,000.

The detailed descriptions of the valuation are listed in our valuation report on the Property.

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**APPENDIX IIB VALUATION REPORT OF 100% EQUITY INTEREST IN TARGET COMPANY**

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**4.3 VALUATION RESULT**

Based on the analysis stated above and, on the method employed, we are of the opinion that the valuation result of the equity interest of the Target Company as at Valuation Date is as follows:

<b>Account</b>	<b>Net Book Value (RMB)</b>	<b>Market Value (RMB)</b>
Cash and cash equivalents	157,913,677	157,913,677
Non-current assets	31,464	31,464
Investment Property	6,874,700,000	8,030,000,000
Deferred tax assets	5,231,609	5,231,609
Amounts due from related parties	6,074,384	6,074,384
Accounts receivable	4,899,917	4,899,917
Other receivables	21,786,890	21,786,890
Prepayments	3,762,703	3,762,703
<b>Total assets</b>	<b>7,074,400,644</b>	<b>8,229,700,644</b>
Bank Loan	2,854,670,000	2,854,670,000
Deferred tax liability	1,152,386,393	1,441,211,393
Amounts due to holding company	4,935,799,700	4,935,799,700
Accounts Payable	171,498,868	171,498,868
Income tax Payable	23,999,521	23,999,521
Other tax Payable	11,337,086	11,337,086
<b>Total liabilities</b>	<b>9,149,691,569</b>	<b>9,438,516,569</b>
<b>Net assets</b>	<b><u>-2,075,290,925</u></b>	<b><u>-1,208,815,925</u></b>

*Note: the sum of figures may not add up to total due to rounding.*

**5. CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

**6. LIMITING CONDITIONS**

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

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**APPENDIX IIB VALUATION REPORT OF 100% EQUITY INTEREST IN TARGET COMPANY**

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We have relied to a considerable extent on information provided by the Client in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the market value of the subject in this report is valid only for the stated purpose and only for the effective date of the appraisal. The valuation reflects facts and conditions existing at the date of valuation and subsequent events have not been considered. No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions which may occur subsequent to the date hereof.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers. Our conclusions assume continuation of prudent management of the Target Company over a reasonable and necessary period of time to maintain the character and integrity of the assets valued.

## **7. CONCLUSION OF VALUE**

In our opinion, on the basis of the information made available to us, the total market value of the equity interest of the Target Company as of 31 August 2021 is reasonably estimated as shown in the following table.

<b>NO.</b>	<b>COMPANY NAME</b>	<b>THE TOTAL MARKET VALUE (RMB)</b>	<b>INTEREST ATTRIBUTABLE TO THE GROUP</b>	<b>MARKET VALUE IN EXISTING STATE AS AT 31 AUGUST 2021 (RMB)</b>
1.	Gain Force Investments Ltd. ("The Target Company")	-1,208,815,925	100%	-1,208,815,925

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While we have exercised our professional judgment in arriving at the appraisal, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Colliers. You are advised to consider with caution the nature of such assumptions which are disclosed in this report and to exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interests in the Client or the value reported.

In view of the limitations of market transaction data, the conclusion of this assessment does not consider the premium or discount of equity transactions due to factors such as controlling stakes or minority interests, nor the impact of the lack of liquidity factors on the assessment conclusions.

## **8. APPENDICES**

### **APPENDIX 1: CAVEATS AND ASSUMPTIONS**

#### **1. DEFINITIONS**

In these Caveats and Assumptions, the following words or phrases shall have the meaning or meanings set out below:

**‘Confidential Information’** means information that:

- (a) Is by its nature confidential.
- (b) Is designated by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.
- (e) You or Your affiliates provide to Us for the purposes of the Services.

**‘Currency Date’** means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

**‘Fee’** means the amount agreed to be paid for the Services as set out in the Quotation.

**‘Parties’** means You or Us as the context dictates.

**‘Quotation’** means the written quote provided by Us in relation to the Services.

**‘Services’** means the valuation services provided pursuant to these terms and conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

**‘The Equity Interest’** means the assets which are subject of our appointment as your advisor. This may include land, buildings, plant & equipment and other assets as described in the appointment agreement.

**‘We’, ‘Us’, ‘Our’, ‘Colliers’** means Colliers.

**‘You’, ‘Your’, ‘Client’** means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

**‘Professional Property Practice Standards’** refers to RICS Valuation - Professional Standards, or appropriate standards.

## **2. PERFORMANCE OF SERVICES**

2.1 We have provided the Services in accordance with:

- (a) The terms and conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

## **3. CONDITION OF THE EQUITY INTEREST**

- 3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Equity Interest is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the Equity Interest and our valuation assumes that none exists.
- 3.2 We have assumed that the Equity Interest has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Equity Interest upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.
- 3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.
- 3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

- 3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the Equity Interest is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.6 An internal inspection has been made, unless otherwise stated, no detailed on-site measurements have been taken.
- 3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Equity Interest will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the Equity Interest that are unexposed or inaccessible.
- 3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.
- 3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.
- 3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the Equity Interest.

**4. ENVIRONMENT AND PLANNING**

- 4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show the site is contaminated, our valuation may require revision.

**5. BUILDING AREAS**

- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate building areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

**6. OTHER ASSUMPTIONS**

6.1 Unless otherwise notified by You, We will assume:

- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the title.
- (b) All licences and permits can be renewed and We have not made any enquiries in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural / dilapidation reports), we will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the Client has provided us, to the best of its knowledge, with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.

6.6 Our opinion about the fair value of the Equity Interest is free from any influence and/ or point of views of any other parties.

**7. ESTIMATED SELLING PRICE**

7.1 Where you instruct Us to provide an estimated selling price, You agree that the Services:

- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the Equity Interest; any inspection of comparable properties; a search of title(s) or other enquiries as to encumbrances, restrictions or impediments on title(s); or other investigations which would be required for a formal valuation.

- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price.

## **8. CURRENCY OF VALUATION**

8.1 Due to possible changes in market forces and circumstances in relation to the Equity Interest the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 8.2, You should not rely upon Our valuation:

- (a) After the expiry of 3 months from the Currency Date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the Equity Interest or the assumptions or methodology used in the valuation report.

## **9. MARKET PROJECTIONS**

9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Equity Interest furnished to us by you.

**10. YOUR OBLIGATIONS**

- 10.1 You warrant that the instructions and subsequent information supplied by You, to the best of your knowledge, contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it / they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/or a copy of these terms and conditions.
- 10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
  - (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the Equity Interest, the subject of the Services.
  - (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.
- 10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and relying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.
- 10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made for any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

## **11. CONFIDENTIALITY**

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and/or the purposes as specified in the agreement, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

## **12. PRIVACY**

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

**13. SUBCONTRACTING**

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these terms and conditions, with Your consent.

**14. LIMITATION OF COLLIERS LIABILITY**

14.1 To the extent permissible under applicable laws, in no event shall Colliers be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (examples being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers. Notwithstanding this, Colliers reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the Equity Interest in question, except by court summons / judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Equity Interest's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Equity Interest furnished to Us by You.

- 14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error / offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to be held liable for an amount of three times Our contracted fee for the assignment per property.
- 14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.
- 14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorised party.
- 14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.
- 14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

## **15. ENTIRE AGREEMENT**

- 15.1 No further agreement, amendment or modification of these terms and conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 15.2 If there is inconsistency between these terms and conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
- 15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated.

**16. ANTI BRIBERY AND CORRUPTION MEASURES**

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, “Consultant”) has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term “Government Official” in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS****(a) Interests of Directors/chief executive of the Company**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code:

*Long positions in the shares and underlying shares*

<b>Name of Director</b>	<b>Capacity in which interests are held</b>	<b>Number of Shares</b>	<b>% of the total number of issued Shares as at the Latest Practicable Date</b>
Lin Zhaoyuan ( <i>Note 1</i> )	Beneficial owner/ Beneficiary of a trust	1,734,289	0.056
Lin Feng ( <i>Note 2</i> )	Beneficial owner/ Beneficiary of a trust/Spouse interest	2,065,716	0.067
Li Feng	Beneficial owner	34,580	0.001
Liu Yan	Beneficial owner	3,400	0.0001
Yu Lup Fat Joseph	Beneficial owner	800,000	0.026
Lee Ka Lun	Beneficial owner	640,000	0.021
Lau Hon Chuen Ambrose	Beneficial owner	968,240	0.031

*Note 1:* Mr Lin Zhaoyuan is interested in 1,734,289 Shares, out of which 948,480 Shares are owned by him as beneficial owner, 785,809 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

*Note 2:* Mr Lin Feng is interested in 2,065,716 Shares, out of which 1,308,520 Shares are owned by him as beneficial owner, 737,196 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 20,000 Shares are held by his spouse.

***Long positions in the shares and underlying shares of associated corporations***

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity in which interests are held</b>	<b>Number of Shares in associated corporation</b>	<b>% of the total number of issued Shares in associated corporation as at the Latest Practicable Date</b>
Lin Zhaoyuan	Yuexiu Transport Infrastructure Limited	Beneficial owner	120	0.00001
Liu Yan	Yuexiu Transport Infrastructure Limited	Beneficial owner	485	0.00003
Lau Hon Chuen Ambrose	Yuexiu Transport Infrastructure Limited	Beneficial owner	195,720	0.012

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its other associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors, companies and/or persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

*Long position in the shares and underlying shares*

Name	Capacity in which interests are held	Number of Shares	% of the total number of issued Shares in associated corporation as at the Latest Practicable Date
GZYX ( <i>Note 1</i> )	Interests of controlled corporations	1,231,889,530	39.78
Yue Xiu	Interests of controlled corporations	1,231,889,530	39.78
Guangzhou Metro ( <i>Note 2</i> )	Interests of controlled corporations	616,194,761	19.90

*Note 1:* Pursuant to the SFO as at Latest Practicable Date, GZYX was deemed to be interested in 1,231,889,530 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long Position in Shares
Yue Xiu	1,231,889,530
Superb Master Ltd. ( <i>Note i</i> )	80,397,924
Bosworth International Limited (“ <b>Bosworth</b> ”) ( <i>Note i</i> )	840,586,830
Novena Pacific Limited (“ <b>Novena</b> ”) ( <i>Note i</i> )	195,613,181
Morrison Pacific Limited (“ <b>Morrison</b> ”) ( <i>Note i</i> )	54,653,344
Greenwood Pacific Limited (“ <b>Greenwood</b> ”) ( <i>Note i</i> )	46,937,854
Goldstock International Limited (“ <b>Goldstock</b> ”) ( <i>Note i</i> )	12,183,626
Yue Xiu Finance Company Limited ( <i>Note i</i> )	1,516,771

(i) Superb Master Ltd., Bosworth, Novena, Morrison, Greenwood, Goldstock and Yue Xiu Finance Company Limited are wholly-owned by Yue Xiu.

*Note 2:* Pursuant to the SFO as at Latest Practicable Date, Guangzhou Metro was deemed to be interested in 616,194,761 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long Position in Shares
Guangzhou Metro Investment Finance (HK) Limited ( <i>Note i</i> )	616,194,761

- (i) 616,194,761 Shares were held by Guangzhou Metro Investment Finance (HK) Limited, which was wholly-owned by Guangzhou Metro.

Save as disclosed herein, as at the Latest Practicable Date, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or to be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

### 4. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

#### Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### Interests in contracts

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and which was significant in relation to the business of the Group.

## 5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## 6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

## 7. MATERIAL CONTRACTS OF THE GROUP

During the two years immediately preceding Latest Practicable Date and up to and including the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by the Group and are or may be material:

- (1) the Acquisition Deed;
- (2) the Second Supplemental Indebtedness Agreement;
- (3) the Irrevocable Undertaking by the Company;
- (4) the equity transfer agreement dated 23 July 2021 entered into between 廣州越秀華城房地產開發有限公司 (Guangzhou Yuexiu Huacheng Real Estate Development Co., Ltd.\*) (a 95.48% subsidiary of the Company) (as purchaser) and GZYYX (as seller) for the acquisition of 98% equity interest in 廣州市佰城投資發展有限公司 (Guangzhou Bai Cheng Investment Development Co. Ltd.\*) for a consideration of approximately RMB1,873,596,000;
- (5) the equity transfer agreement dated 31 May 2021 entered into between 廣州城建開發南沙房地產有限公司 (Guangzhou Construction & Development Nansha Property Co. Ltd.\*) (a 95.475% subsidiary of the Company) (as purchaser) and 廣州越秀明睿三號實業投資合夥企業 (有限合夥) (Guangzhou Ming Rui No. 3 Business Investment Enterprise (Limited Partnership)\*) (as seller) for the acquisition of 90% equity interest in 廣州越璟房地產開發有限公司 (Guangzhou Yuejing Property Development Co. Ltd.\*) for a consideration of RMB2.621 billion;

- (6) the equity transfer agreement dated 23 November 2020 entered into between 廣州越秀物業發展有限公司 (Guangzhou Yuexiu Property Development Co., Ltd.\*) (a company which is an indirect wholly-owned subsidiary of the Company) (as purchaser) and 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.\*) (as seller) for the acquisition of 67.0% equity interest in 廣州地鐵環境工程有限公司 (Guangzhou Metro Environmental Engineering Co., Ltd.\*) and 67.0% indirect effective equity interest in 廣州地鐵物業管理有限責任公司 (Guangzhou Metro Property Management Co., Ltd.\*) for a consideration of RMB281.74 million (including tax payable of RMB5.0 million); and
- (7) a set of agreements dated 22 November 2019 for the disposal of 100% equity interest in 佛山市南海區越秀地產有限公司 (Foshan Nanhai Yuexiu Property Company Limited\*) (“**Nanhai Yuexiu**”), namely,
- (a) the equity transfer agreement entered into among 廣州悅錦諮詢有限責任公司 (Guangzhou Yuejin Consultancy Limited Liability Company\*) (as purchaser) (“**Yuejin**”) and Extra Act Limited (a wholly-owned subsidiary of the Company) (as seller) (“**Extra Act**”) in relation to the transfer of 100% equity interest in Nanhai Yuexiu for a consideration of RMB355,361,000; and
- (b) the loan arrangement agreement entered into among, Yuejin, Extra Act, Nanhai Yuexiu and GCCDL in relation to the refinancing of the loan amount owed by Nanhai Yuexiu to GCCDL.

## 8. EXPERTS’ QUALIFICATIONS AND CONSENTS

The following are qualifications of the expert who has given its opinion or advice which is included in this circular:

<b>Name</b>	<b>Qualification</b>
Colliers International (Hong Kong) Limited	Independent property valuer

As at the Latest Practicable Date, Colliers International (Hong Kong) Limited (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name included herein in the form and context in which they respectively appear.

**9. DOCUMENTS AVAILABLE ON DISPLAY**

The following documents are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.yuexiuproperty.com>) for a period of 14 days from the date of this circular:

- (a) each of the material contracts referred to in the paragraph headed “Material contracts of the Group” in this Appendix III;
- (b) the letter from the Board, the text of which is set out on pages 15 to 34 of this circular;
- (c) the valuation reports from the Independent Valuer in respect of the valuation on the Target Company and the Property as set out in Appendix II of this circular;
- (d) the written consents referred to in the paragraph headed “Experts’ Qualifications and Consents” in this Appendix III; and
- (e) this circular.

**10. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Yu Tat Fung, a Solicitor of the High Court of Hong Kong.
- (b) The registered office of the Company is located at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.
- (c) The share registrar of the Company is Tricor Abacus Limited, which is located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English texts of this circular shall prevail over the Chinese texts.

\* *For identification purposes only*

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## NOTICE OF GENERAL MEETING

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# 越秀地產股份有限公司 YUEXIU PROPERTY COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 00123)

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting (the “GM”) of Yuexiu Property Company Limited (the “Company”) will be held at 9:30 a.m. on 6 December 2021 at Plaza I-IV, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong for the purpose of considering, if thought fit, passing, with or without modification, the following resolution. Words and expressions that are not expressly defined in this notice of GM shall bear the same meaning as that defined in the shareholder circular dated 13 November 2021 (the “Circular”).

### ORDINARY RESOLUTION

**“THAT:**

- (a) the Acquisition Deed, the Second Supplemental Indebtedness Agreement and the consummation of transactions contemplated thereunder (namely, the Disposal and the Deferred Units Arrangement Modification) as more particularly described in the Circular and on the terms and conditions set out in the Acquisition Deed and the Second Supplemental Indebtedness Agreement be hereby approved, ratified and confirmed; and
- (b) any one Director be and is hereby authorized, for and on behalf of the Company, to complete and do all such acts or things (including signing and executing all such documents, instruments and agreements as may be required, including under seal where applicable) as the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the Acquisition Deed, the Second Supplemental Indebtedness Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

By order of the Board  
**Yuexiu Property Company Limited**  
**Yu Tat Fung**  
*Company Secretary*

Hong Kong, 13 November 2021

*Registered Office:*  
26th Floor, Yue Xiu Building  
160 Lockhart Road  
Wanchai  
Hong Kong

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## NOTICE OF GENERAL MEETING

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*Notes:*

- (1) Any member entitled to attend and vote at the GM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorized to sign the same.
- (3) In order to be valid, the completed proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the GM or any adjourned meeting thereof (as the case may be).
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the GM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote at the GM, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the GM, whether in person or by proxy, the joint registered holder present whose name stands first on the registered of members of the Company in respect of the share(s) shall be accepted to the exclusion of the votes of the other joint registered holders.
- (6) The register of members of the Company will be closed from Wednesday, 1 December 2021 to Monday, 6 December 2021, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the GM to be held on Monday, 6 December 2021, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 30 November 2021.
- (7) In consideration of the continuing risk posed by the coronavirus disease (COVID-19) and to manage the potential health risks of persons attending the GM, the Company will implement certain precautionary measures at the GM. Please refer to the Circular for further details.