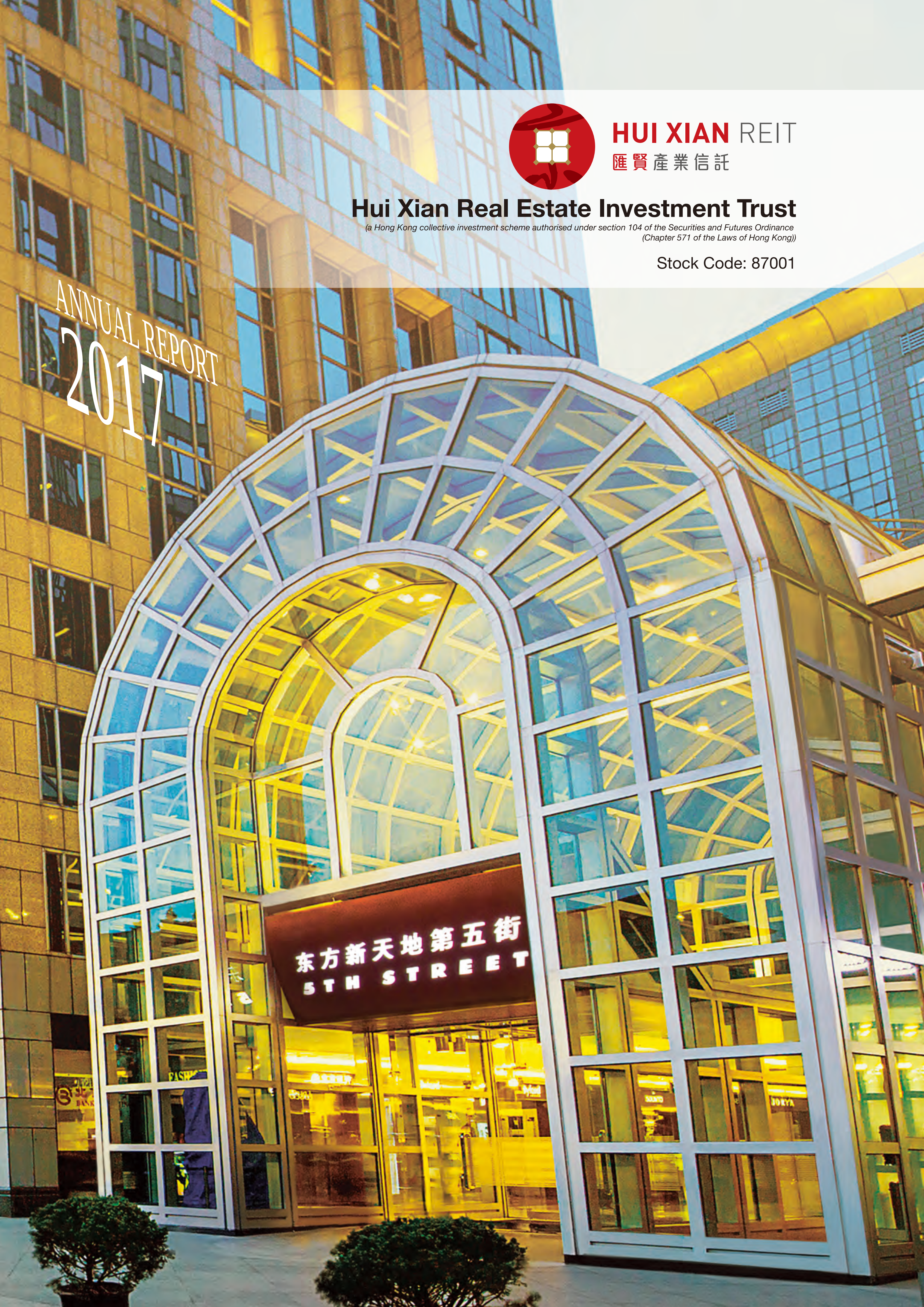
HUI XIAN REIT
匯賢產業信託

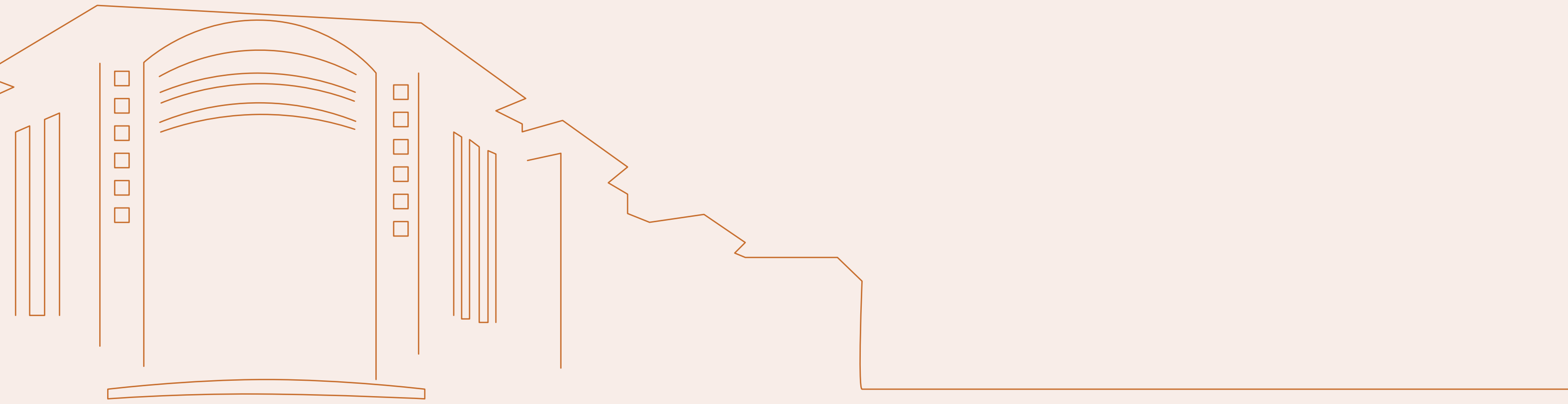
Hui Xian Real Estate Investment Trust

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

Stock Code: 87001

ANNUAL REPORT 2017





HUI XIAN REIT

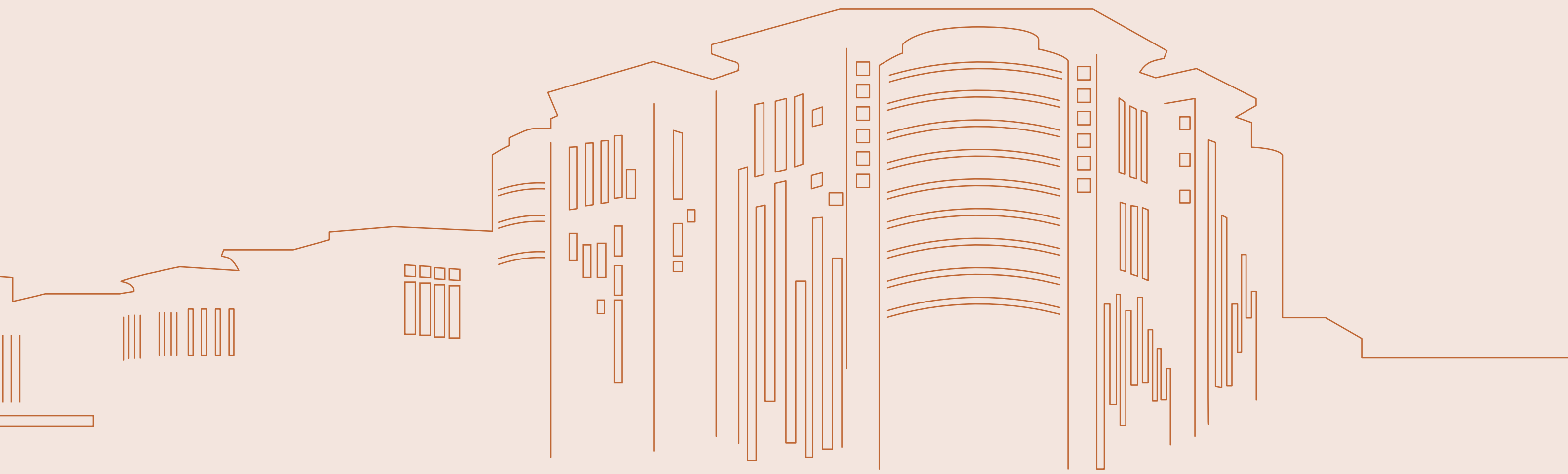
Hui Xian Real Estate Investment Trust ("Hui Xian REIT") (Stock Code: 87001) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited (as manager of Hui Xian REIT), and DB Trustees (Hong Kong) Limited ("Trustee") (as amended from time to time) ("Trust Deed"). Units of Hui Xian REIT were first listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 April 2011.

REIT MANAGER

Hui Xian REIT is managed by Hui Xian Asset Management Limited (the "Manager"), a company incorporated in Hong Kong for the sole purpose of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is indirectly owned as to 70% by CK Asset Holdings Limited and 30% by ARA Asset Management Limited which was privatized on 19 April 2017.

HUI XIAN REIT
匯賢產業信託

CONTENTS



FINANCIAL HIGHLIGHTS

For the financial year from 1 January 2017 to 31 December 2017

	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016	Percentage Change
Total Revenue[1] *(RMB million)*	**3,199**	3,106	+3.0%
Net Property Income[2] *(RMB million)*	**2,074**	2,074	+0.0%
Amount Available for Distribution[3] *(RMB million)*	**1,489**	1,546	-3.7%
Distributions to Unitholders[4] *(RMB million)*	**1,489**	1,499	-0.7%
Distribution per Unit[5] *(RMB)*	**0.2681**	0.2754	-2.7%
Payout Ratio	**100%**	97%	N/A
Distribution Yield	**8.5%**[6]	8.8%[7]	N/A

Notes:

(1) Value-added tax ("VAT") has been introduced to the construction, real estate, financial services and consumer services sectors starting from 1 May 2016 in replacement of business tax. Excluding the impact of VAT reform, total revenue would have grown 5.0% year-on-year.

(2) The change in real estate tax regulations in Beijing has been effective since 1 July 2016. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the Net Property Income ("NPI") would have increased 4.0% year-on-year.

(3) Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the year-on-year growth of amount available for distribution would be 0.3%.

(4) Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the year-on-year growth of distributions to Unitholders would be 3.4%.

(5) Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the year-on-year growth of distribution per unit ("DPU") would be 1.3%.

(6) Based on the closing price of the units of Hui Xian REIT ("Units") on 29 December 2017 and the actual distribution amount for the period from 1 January 2017 to 31 December 2017.

(7) Based on the closing price of Units on 30 December 2016 and the actual distribution amount for the period from 1 January 2016 to 31 December 2016.

CHAIRMAN'S STATEMENT

"The missions in 2017 are to maximize organic growth from our flagship asset — Beijing Oriental Plaza; revamp Chongqing Metropolitan Oriental Plaza through the on-going asset enhancement programme; and integrate two newly acquired hotels into our growing portfolio of quality assets."

H L KAM *Chairman*

RESULTS AND DISTRIBUTION

During the period from 1 January 2017 to 31 December 2017 ("Reporting Period"), the total revenue was RMB3,199 million, an increase of 3.0% year-on-year. Value-added tax ("VAT") has been introduced to the construction, real estate, financial services and consumer services sectors starting from 1 May 2016 in replacement of business tax. As a result, the revenues and expenses in the financial statements have then been presented net of VAT. Excluding the impact of VAT reform, total revenue would have grown 5.0% year-on-year.

NPI amounted to RMB2,074 million, same as that of 2016. The change in real estate tax regulations in Beijing introduced on 1 July 2016, which resulted in a tax increase for our flagship asset – Beijing Oriental Plaza, continued to impact Hui Xian REIT's NPI during 2017. Excluding the impact of the additional real estate tax provision, NPI would have grown by 4.0% year-on-year.

The Distributions to Unitholders for the Reporting Period was RMB1,489 million, slightly down by 0.7% year-on-year. With a payout ratio of 100%, the distribution per unit ("DPU") for the second half of the year was RMB0.1304. Together with the interim DPU, the total DPU for the Reporting Period was RMB0.2681, a decrease of 2.7% year-on-year. This represented a distribution yield of 8.5% based on the closing unit price of RMB3.15 on 29 December 2017.

Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, distributions to Unitholders and DPU would have increased 3.4% and 1.3% year-on-year respectively.

NEW ACQUISITION

Hui Xian REIT acquired two five-star hotels in Western China, Sheraton Chengdu Lido Hotel and Harbour Plaza Chongqing during the Reporting Period, expanding its hotel portfolio to four hotel properties.

(1) 69% interest in Sheraton Chengdu Lido Hotel

Sheraton Chengdu Lido Hotel, situated in Chengdu's city centre, provides a total of 387 guest rooms and suites, four restaurants, an array of conference and banquet facilities, office units and retail shops.

(2) 100% interest in Harbour Plaza Chongqing

Located at Jiefangbei (also known as "Liberation Square" (解放碑)), Chongqing's Central Business District ("CBD"), Harbour Plaza Chongqing is the first five-star international hotel in Chongqing.

Harbour Plaza Chongqing is located within the same complex as Hui Xian REIT's mixed-use asset, Chongqing Metropolitan Oriental Plaza. The acquisition gives us an opportunity to reorganise and integrate these two components under a unified ownership structure, establishing a comprehensive complex featuring retail, commercial and hospitality facilities under one roof.

BUSINESS ENVIRONMENT IN CHINA

According to the National Bureau of Statistics of China, the country's gross domestic product ("GDP") increased 6.9% year-on-year in 2017, the first annual acceleration for the economy since 2010. The country's per capita disposable income was RMB25,974, up by 7.3% year-on-year in real terms. Total retail sales of consumer goods rose 10.2% year-on-year to RMB36,626 billion. The RMB exchange rate against Hong Kong Dollars as at 31 December 2017 has risen by approximately 7.0%* compared to that as at 31 December 2016.

* Based on the People's Bank of China RMB rate against Hong Kong Dollars

BUSINESS REVIEW

Following the acquisition in early 2017, Hui Xian REIT has expanded its geographic footprint to four key cities in China and its areas under management are now over 1.1 million square metres. Hui Xian REIT's property portfolio spans across retail, office, serviced apartment and hotel sectors.

(1) Retail Portfolio

With the rapid changing consumer behaviour, growing popularity of social media and e-commerce, well-developed mobile payment infrastructure and low logistics costs, China's retail landscape is undergoing a major transformation.

China's online retail sales of goods and services during 2017 surged 32.2% year-on-year to RMB7,175 billion according to official data. The online retail sales of physical goods amounted to RMB5,481 billion, accounting for 15.0% of the total retail sales of consumer goods. The growth of online and mobile shopping continues to pose threats to traditional brick and mortar shops, thus the overall retail market in China is immensely competitive.

Hui Xian REIT's retail portfolio consists of two shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. NPI was RMB947 million, a year-on-year decrease of 4.2%. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 1.0% year-on-year.

Against the backdrop of a challenging retail market, The Malls at Beijing Oriental Plaza continues to be popular among retailers and shoppers due to its prime location and high footfall. The average occupancy rate in 2017 was 97.4%. The average monthly passing rent was RMB1,163 per square metre, a year-on-year decrease of 4.0%.

The comprehensive asset enhancement and tenant revamp programme at Chongqing Metropolitan Oriental Plaza mall continued in 2017 and is expected to be completed by end 2018. During the renovation, the average occupancy rate was 75.8% and the average monthly passing rent was RMB196 per square metre.

(2) Office Portfolio

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. The office portfolio's NPI was RMB906 million, a year-on-year increase of 3.2%. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 6.9% year-on-year.

Beijing's office market remained stable during the year. Multinational corporations remained cost-conscious and conservative on office expansion. Leasing demand continued to be led by domestic companies, particularly those in the financial, and technology, media, and telecom ("TMT") sectors. The city will see an increase in new office supply over the next few years, exerting pressure on both rents and occupancy rates.

The average occupancy rate of The Tower Offices at Beijing Oriental Plaza was 95.5%. The average monthly passing rent was RMB286 per square metre, up by 3.6% year-on-year. The average monthly spot rent was RMB335 per square metre, an increase of 1.4% year-on-year. Excluding the impact of VAT reform, the average monthly passing rent and the average monthly spot rent would have increased 5.6% and 3.1% year-on-year respectively.

While Chongqing's office market continued to be competitive due to escalating new supply, The Tower at Chongqing Metropolitan Oriental Plaza at Jiefangbei CBD remains the popular addresses among the multinational corporations and consulates. The average occupancy rate was 88.1% (2016: 89.2%). The average monthly passing rent was RMB121 per square metre (2016: RMB124 per square metre).

(3) Serviced Apartment Portfolio

Leasing demand for well-appointed downtown serviced apartments in Beijing is growing. To capture this business opportunity, we have made the strategic decision in 2017 to convert certain floors of hotel rooms into furnished serviced apartments for leasing.

During the Reporting Period, 107 Grand Hyatt Beijing hotel rooms were refurbished and converted into serviced apartments, and have become part of The Tower Apartments at Beijing Oriental Plaza. The total inventory of serviced apartments has increased from 613 units as at 31 December 2016 to 720 units as at 31 December 2017. The average occupancy rate was 86.7%. During 2017, NPI was RMB79 million, an increase of 9.0% year-on-year.

There is also an increasing demand for well-located serviced apartments in Shenyang and Chongqing. In 2018, we plan to convert several floors of hotel rooms at Sofitel Shenyang Lido and Harbour Plaza Chongqing into serviced apartments to cater to this market.

(4) Hotel Portfolio

As at 31 December 2017, Hui Xian REIT's hotel portfolio consisted of four five-star hotels across four cities in China: Grand Hyatt Beijing, Sofitel Shenyang Lido, Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel. The aggregate NPI was RMB142 million, 5.3% higher than the same period last year.

With the conversion of 107 hotel rooms into serviced apartments, Grand Hyatt Beijing's number of available rooms in 2017 was reduced to 718. The revenue per available room ("RevPAR") increased 9.8% year-on-year to RMB923. The average occupancy rate was 73.4% (2016: 60.2%). The average room rate per night was RMB1,258, a year-on-year decrease of 9.9%.

The renovation programme at Sofitel Shenyang Lido commenced in 2017 impacted its revenue and occupancy rate. The average occupancy rate was 39.7% and the average room rate per night dropped 5.0% year-on-year to RMB455. The RevPAR was RMB181 compared to RMB219 for the same period last year.

Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel were added to Hui Xian REIT's hotel portfolio in March 2017. During March and December 2017, the average occupancy rates were 66.0% and 73.6% respectively. Harbour Plaza Chongqing's average room rate per night was RMB377 and the RevPAR was RMB249 while the average room rate per night and the RevPAR of Sheraton Chengdu Lido Hotel were RMB548 and RMB403 respectively.

STRONG FINANCIAL POSITION

Hui Xian REIT has continued to adhere to its prudent financial management strategy. As at 31 December 2017, bank balances and cash on hand amounted to RMB7,401 million and total debts amounted to RMB10,969 million. Debts to gross asset value ratio was 23.0%. Hui Xian REIT has sufficient financial capacity to capitalise on new investment opportunities as they arise.

OUTLOOK

2018 will be a year of transformation and consolidation for Hui Xian REIT. On one hand, we will continue to maximise organic growth from our assets in Beijing, Chongqing, Shenyang and Chengdu. On the other hand, we will step up our efforts on the asset enhancement programmes which are taking place in Shenyang and Chongqing.

The asset enhancement programme for Sofitel Shenyang Lido consists of two parts:

(1) a renovation of the hotel rooms and lobby, offering a fresh new look and upgraded facilities; and

(2) a major conversion of several floors of hotel rooms into fully furnished serviced apartment units with a dedicated entrance, lobby reception and guest lifts

As for Chongqing, we are now in the process of redesigning and integrating Harbour Plaza Chongqing and Chongqing Metropolitan Oriental Plaza into one comprehensive mixed-use complex by creating seamless connections between the mall, office, hotel and serviced apartments. Harbour Plaza Chongqing is also undergoing a comprehensive renovation programme, which includes a makeover of all the guest rooms, food and beverage outlets and public area.

With the total revamp expected to be completed in early 2019, the whole complex in Chongqing would effectively evolve to be Hui Xian REIT's second Oriental Plaza, modelled after Beijing Oriental Plaza. The mixed-use development, branded as "Chongqing Oriental Plaza", will encompass a one-stop shopping centre, a Grade A office tower, well-designed downtown serviced apartments and a top-notch hotel.

On behalf of the Manager, I would like to thank all the Unitholders and the Trustee for their continued support of and commitment to Hui Xian REIT.

H L KAM
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 12 March 2018

PORTFOLIO HIGHLIGHTS

As at 31 December 2017, Hui Xian REIT's portfolio included:

(1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("Hui Xian Investment"), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited#) ("BOP"), which is a Sino-foreign cooperative joint venture established in the People's Republic of China ("PRC"). BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza;

(2) its investment in Chongqing Overseas Investment Limited, which in turns holds Chongqing Investment Limited. Chongqing Investment Limited owns the entire interest in 重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd#), which holds the land use rights and building ownership rights of Chongqing Metropolitan Oriental Plaza (formerly known as Metropolitan Plaza);

(3) its investment in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turn holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd#) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a Sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of Sofitel Shenyang Lido;

(4) its investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd#^), which holds the land use rights and building ownership rights of Harbour Plaza Chongqing; and

(5) its investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign joint venture partner of 成都長天有限公司 (Chengdu Changtian Co., Ltd.#) ("Chengdu Changtian"). Chengdu Investment Limited is entitled to 69% interest in Chengdu Changtian, which is a Sino-foreign cooperative joint venture established in the PRC. Chengdu Changtian holds the land use rights and building ownership rights in Sheraton Chengdu Lido Hotel.

The English name is shown for identification purpose only

^ Previously translated as Chongqing Dongguang Hotel Co., Ltd.

RETAIL PORTFOLIO

The Malls at Beijing Oriental Plaza
The Mall at Chongqing Metropolitan Oriental Plaza

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres in Beijing and Chongqing, covering about 220,000 square metres of retail space. The Malls at Beijing Oriental Plaza is home to a variety of top international and domestic fashion, accessory and lifestyle brands. It also boasts a cinema and over 50 food and beverage outlets, making it Beijing's leading one-stop shopping, dining and leisure destination for locals and tourists alike.


东方新天地
THE MALLS AT
ORIENTAL PLAZA
HUBLOT

OPERATIONS REVIEW

As stated in the Chairman's Statement, 2017's revenue and NPI figures were continued to be affected by the change of tax policy in China, namely (1) the introduction of the value-added tax ("VAT") from 1 May 2016 to the construction, real estate, financial services and consumer services sectors; and (2) the change of real estate tax regulations in Beijing commencing from 1 July 2016.

(1) Prior to 1 May 2016, business tax was included in the presentation of revenues in the financial statements. Following the implementation of the new VAT regulations, the revenues and expenses in the financial statements were presented net of VAT. Accordingly, these figures showed a reduction as compared with the period before the implementation of the new tax reform.

(2) The change in real estate tax regulations in Beijing came into effect on 1 July 2016. Prior to the change, the real estate tax paid by Hui Xian REIT on Beijing Oriental Plaza was charged at the rate of 1.2% of the residual value of the property, regardless of whether the relevant property generated rental income. Since 1 July 2016, the real estate tax payable has been charged on the following basis: (a) for the areas that generate rental income, real estate tax is charged at the rate of 12% of the rental income; and (b) for the areas that do not generate rental income, real estate tax continues to be charged at the rate of 1.2% of the residual value of the relevant property. This has resulted in a tax increase for the areas that generate rental income.

(1) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres in Beijing and Chongqing, covering about 220,000 square metres of retail space. Revenue was RMB1,279 million, a year-on-year decrease of 1.6%. Excluding the impact of VAT reform, revenue would have increased slightly. NPI was RMB947 million, a year-on-year decline of 4.2%. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have grown 1.0 % year-on-year.

(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP grew 6.7% year-on-year to RMB2,800 billion in 2017. Retail sales of consumer goods increased 5.2% year-on-year to RMB1,158 billion. Disposable income per capita of Beijing's urban residents was RMB62,406, up by 7.0% year-on-year in real terms.

Revenue of The Malls at Beijing Oriental Plaza was slightly up to RMB1,180 million. Excluding the impact of VAT reform, revenue would have increased by 2.0% year-on-year. NPI was down by 2.9% year-on-year to RMB908 million. Excluding the impact of the additional real estate tax provision, NPI would have grown 2.6% year-on-year.

The average monthly passing rent of The Malls was RMB1,163 per square metre, a decrease of 4.0% year-on-year. Similar to last year, the average occupancy rate stood at 97.4%.

During 2017, The Malls welcomed a number of new retailers, such as Brooks Brothers, FABIANA FILIPPI, Polo Ralph Lauren, TUMI, New Look, Replay, TSL, NIKE, Descente and a number of new restaurants. NIO, a new electric vehicle, opened its first NIO House at The Malls. Occupying two floors, it is Beijing's largest brand experience centre.

The Malls is well connected by public transportation networks and has direct access to Beijing's subway Lines 1 and 5. The extension works for subway Line 8 has also begun with a new stop close to The Malls.

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

In 2017, Chongqing's GDP grew 9.3% year-on-year to RMB1,950 billion. Retail sales of consumer goods were up by 11.0% year-on-year to RMB807 billion. Disposable income per capita of its urban residents increased 8.7% year-on-year to RMB32,193.

Chongqing Metropolitan Oriental Plaza is currently undergoing an extensive asset enhancement and tenant mix refinement programme. The average monthly passing rent was RMB196 per square metre and the average occupancy rate was 75.8%.

OFFICE PORTFOLIO

The Tower Offices at Beijing Oriental Plaza
The Tower at Chongqing Metropolitan Oriental Plaza

The Tower Offices at Beijing Oriental Plaza consists of eight towers offering over 300,000 square metres of Grade A office space. It has a strong and diversified tenant base, which includes some of the leading multinational and domestic corporations, as well as overseas government bodies.

The Tower at Chongqing Metropolitan Oriental Plaza at Jiefangbei Central Business District remains the popular addresses among the multinational corporations and consulates.


W2

(2) Office Portfolio

Hui Xian REIT's office portfolio comprises two Grade A office developments: The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue increased 3.3% year-on-year to RMB1,228 million. Excluding the impact of VAT reform, revenue would have grown 5.3% year-on-year. NPI increased 3.2% year-on-year to RMB906 million. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 6.9% year-on-year.

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's office market remained stable during 2017. Leasing demand was mainly driven by domestic corporations, especially those from the financial and TMT industries while multinational corporations have become conservative in regards to office expansion plans. Beijing is set to see more new office supply come on stream in the coming few years, putting pressure on rentals and occupancy levels.

The Tower Offices at Beijing Oriental Plaza, encompassing eight Grade A office towers, generates a stable revenue income from a diversified tenant base across different industries, including finance and banking, accounting, high technology, legal, pharmaceutical, media and advertising as well as consumer products; there are also education and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB1,163 million, up by 4.0% year-on-year. Excluding the impact of VAT reform, revenue would have grown 5.9% year-on-year. NPI was RMB866 million, an increase of 3.7% year-on-year. Excluding the impact of real estate tax provision, NPI would have increased 7.6% year-on-year.

The average monthly passing rent of The Tower Offices was RMB286 per square metre, an increase of 3.6% year-on-year. The average monthly spot rent was RMB335 per square metre, up by 1.4% year-on-year. Excluding the impact of VAT reform, the average monthly passing rent and the average monthly spot rent would have increased by 5.6% and 3.1% year-on-year respectively. Rental reversion was 14.5%, and the average occupancy rate was slightly up to 95.5%.

(ii) *The Tower at Chongqing Metropolitan Oriental Plaza*

Chongqing's office market was competitive in 2017 due to the continual influx of new supply. Rental and occupancy rates are expected to remain under pressure.

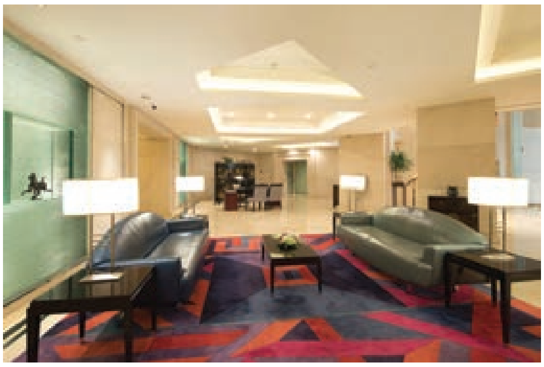
Strategically located in the Jiefangbei CBD, The Tower at Chongqing Metropolitan Oriental Plaza is home to five consulates and multinational corporations from a wide range of sectors, including insurance and financial services, electronics, logistics and healthcare. The Tower's revenue was down by 7.1% year-on-year to RMB65 million; NPI declined by 7.5% year-on-year to RMB40 million. The average occupancy rate was 88.1%. The average monthly passing rent and the monthly spot rent were RMB121 and RMB116 respectively.

The Tower's asset enhancement programme, including the renovation of the lobby and façade, is completed. Wu Yi Road, where The Tower Office's entrance is located, has also undergone a major upgrade programme and has been designated by the Chongqing Government as the future "Wall Street" of Western China to boost development of commercial activities.

SERVICED APARTMENT PORTFOLIO

The Tower Apartments at Beijing Oriental Plaza

Comprising three blocks, The Tower Apartments features 720 apartments of varying sizes, all fully furnished and elegantly appointed to offer luxury living in the city. Tenants can enjoy a wide array of amenities, such as housekeeping and concierge services, as well as access to nearby Grand Hyatt Beijing's Club Oasis, which boasts an indoor swimming pool and gym.



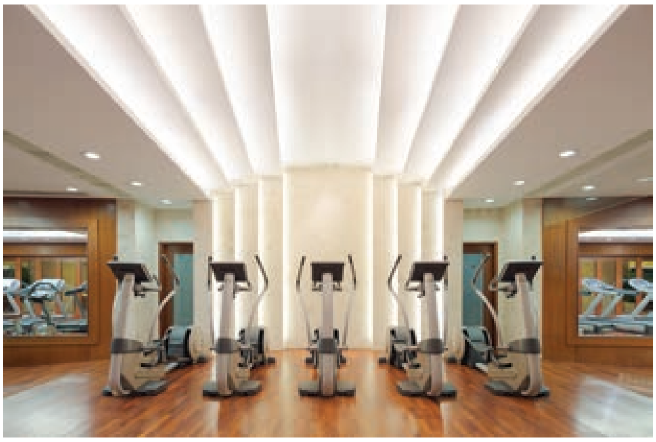
(3) Serviced Apartment Portfolio

During the Reporting Period, Hui Xian REIT's serviced apartment portfolio comprises The Tower Apartments at Beijing Oriental Plaza. Revenue increased 8.9% year-on-year to RMB151 million. Excluding the impact of VAT reform, revenue would have grown 11.4% year-on-year. NPI was RMB79 million, an increase of 9.0% year-on-year.

Leasing demand for downtown serviced apartments in China's key cities is growing. Hui Xian REIT plans to expand its serviced apartment portfolio by converting certain number of hotel rooms into fully furnished serviced apartments.

During the Reporting Period, 107 Grand Hyatt Beijing hotel rooms were being refurbished and converted into serviced apartments in phases and they have become part of The Tower Apartments at Beijing Oriental Plaza. The total apartment inventory has increased from 613 units to 720 units.

In 2018, we plan to convert several floors of hotel rooms at Sofitel Shenyang Lido and Harbour Plaza Chongqing into serviced apartments for leasing.



HOTEL PORTFOLIO

Grand Hyatt Beijing at Beijing Oriental Plaza, Beijing
Sofitel Shenyang Lido, Shenyang
Harbour Plaza Chongqing, Chongqing
Sheraton Chengdu Lido Hotel, Chengdu

Hui Xian REIT's hotel portfolio consists of four five-star hotels across four cities in China.

(4) Hotel Portfolio

Hui Xian REIT acquired two hotels in the first quarter of 2017 and its hotel portfolio has grown to include four five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sofitel Shenyang Lido (70% interest), Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel (69% interest). The aggregate revenue was RMB541 million, an increase of 13.0% year-on-year. NPI was RMB142 million, up by 5.3% year-on-year.

(i) Grand Hyatt Beijing, Beijing

According to the Beijing Municipal Bureau of Statistics, the capital city's 2017 tourist arrivals dropped 5.8% year-on-year to 3.9 million.

Grand Hyatt Beijing's room inventory has decreased to 718 after the conversion of 107 hotel rooms into serviced apartments. The average occupancy rate was 73.4%. The average room rate per night decreased 9.9% year-on-year to RMB1,258. RevPAR increased 9.8% year-on-year to RMB923.

(ii) Sofitel Shenyang Lido, Shenyang

The asset enhancement initiatives started at Sofitel Shenyang Lido has affected its revenue and occupancy level. The average occupancy rate and the average room rate per night were 39.7% and RMB455 respectively. The RevPAR was RMB181.

(iii) Harbour Plaza Chongqing

Chongqing's tourist arrivals during 2017 increased 20.3% year-on-year. A new 530,000 sq m airport terminal at Chongqing Jiangbei Airport was unveiled in August 2017, making it the first airport in Western China with three runways.

The acquisition of Harbour Plaza Chongqing was completed in the first quarter of 2017. The hotel is now undergoing an asset enhancement programme. During March and December 2017, the average occupancy rate was 66.0%. The average room rate per night and the RevPAR were RMB377 and RMB249 respectively.

(iv) Sheraton Chengdu Lido Hotel

Hui Xian REIT acquired 69% interest of Sheraton Chengdu Lido Hotel in March 2017. During March and December 2017, the average occupancy rate was 73.6%; the average room rate was RMB548; and the RevPAR was RMB403.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB2,074 million for the year ended 31 December 2017.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB728 million ("2017 Final Distribution") to Unitholders for the period from 1 July 2017 to 31 December 2017. The 2017 Final Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 July 2017 to 31 December 2017 and will be paid in RMB. A total of RMB761 million has been distributed to Unitholders of Hui Xian REIT on 28 September 2017 for the period from 1 January 2017 to 30 June 2017. In total, Hui Xian REIT will distribute a total of RMB1,489 million to Unitholders for the year ended 31 December 2017. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB334 million (2016: RMB974 million).

Distribution per Unit

The final DPU for the period from 1 July 2017 to 31 December 2017 is RMB0.1304 based on the number of outstanding Units on 31 December 2017. Together with the interim DPU of RMB0.1377, Hui Xian REIT provides a total DPU for the year ended 31 December 2017 of RMB0.2681. This represents a distribution yield of 8.5% based on the closing unit price of RMB3.15 on 29 December 2017.

Closure of Register of Unitholders

The record date for the 2017 Final Distribution will be 29 March 2018, Thursday ("Record Date"). The Register of Unitholders will be closed from 27 March 2018, Tuesday to 29 March 2018, Thursday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 21 May 2018, Monday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

Subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong ("SFC"), a distribution reinvestment arrangement will be made available to Unitholders under which eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Eligible Unitholders can elect to receive their distribution in the form of cash, in the form of new Units of Hui Xian REIT (subject to any fractional entitlement being disregarded), or a combination of both.

In order to qualify for the 2017 Final Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 26 March 2018, Monday.

Debt Positions

In February 2017 and March 2017, Hui Xian Investment drew down a new unsecured 3-year term loan of HK$1,000 million offered by Hang Seng Bank Limited and United Overseas Bank Limited. The purpose of the facility was to finance the general corporate funding requirements of the Hui Xian REIT group, including but not limited to the funding for repayment of any amounts outstanding under existing loan facilities and financing acquisitions of the Hui Xian REIT group.

In May 2017, Hui Xian Investment drew down an unsecured 3-year term loan of HK$800 million offered by China Construction Bank (Asia) Corporation Limited and Hang Seng Bank Limited. The purpose of the facility was to refinance the credit facility granted by the same lenders in May 2014.

In November 2017, Hui Xian Investment accepted and agreed a revolving credit facility of USD180 million offered by Hui Xian Holdings Limited ("Hui Xian Holdings"). The facility is on substantially the same terms and conditions as the revolving credit facility of RMB1,300 million with Hui Xian Holdings which expired in November 2017. As at 31 December 2017, Hui Xian Investment did not utilise any amount of the revolving credit facility.

In December 2017, Hui Xian Investment drew down an unsecured 5-year term loan of HK$1,200 million offered by Bank of China (Hong Kong) Limited, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to refinance the credit facility granted by the same lenders in December 2014.

In December 2017, Hui Xian Investment extended the maturity date of an unsecured term loan of HK$200 million offered by Bank of East Asia Limited for two years. The purpose of the facility was to finance the general working capital requirement of the Hui Xian REIT group.

All facilities under Hui Xian REIT are unsecured and unsubordinated and rank pari passu with all other unsecured and unsubordinated obligations of Hui Xian Investment.

As at 31 December 2017, Hui Xian REIT's total debts amounted to RMB10,969 million (31 December 2016: RMB10,816 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB26,783 million as at 31 December 2017 (31 December 2016: RMB26,439 million), Hui Xian REIT's debts to net asset value ratio increased to 41.0% (31 December 2016: 40.9%). Meanwhile, the debts to gross asset value ratio was 23.0% as at 31 December 2017 (31 December 2016: 23.0%).

Bank Balances and Asset Positions

As at 31 December 2017, Hui Xian REIT's bank balances and cash amounted to RMB7,401 million (31 December 2016: RMB7,072 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Pursuant to the requirements of the Code on Real Estate Investment Trusts ("REIT Code"), Knight Frank Petty Limited retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. D&P China (HK) Limited ("D&P China") was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 31 December 2017.

Hui Xian REIT is indirectly interested in a 131,344 square metre shopping centre, eight blocks of Grade A office, three serviced apartment towers and a 718-room five-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

D&P China valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB29,551 million as at 31 December 2017 (31 December 2016: RMB29,711 million), translating into a decrease of 0.5% over the valuation as of 31 December 2016. The hotel and serviced apartment premises were valued at RMB5,690 million as at 31 December 2017 (31 December 2016: RMB5,870 million). The total valuation of Beijing Oriental Plaza was RMB35,241 million (31 December 2016: RMB35,581 million), while the total gross property value of the properties was RMB34,574 million as at 31 December 2017, as compared to RMB34,930 million as at 31 December 2016.

Hui Xian REIT indirectly owns 70% of the entitlement in the distributions of Shenyang Lido, owner of Sofitel Shenyang Lido. Standing on Qingnian Street, 78,746 square metre, 30-storey Sofitel Shenyang Lido is located in the heart of the newly established CBD in southern Shenyang.

D&P China valued the hotel premises of Shenyang Lido at RMB850 million as at 31 December 2017 (31 December 2016: RMB870 million). Gross property value of hotel premises as at 31 December 2017 was RMB700 million (31 December 2016: RMB764 million).

Hui Xian REIT also indirectly owns the entire interest of Chongqing Metropolitan Oriental Plaza, a 164,360 square metre integrated commercial property development comprising a shopping mall and a Grade A office building. Chongqing Metropolitan Oriental Plaza is located at the Jiefangbei CBD, Yuzhong District, Chongqing.

As at 31 December 2017, the shopping centre, office building and car parking spaces were valued by D&P China at RMB3,692 million (31 December 2016: RMB3,942 million). Gross property value of the properties as at 31 December 2017 was RMB3,630 million (31 December 2016: RMB3,931 million).

On 28 February 2017, Hui Xian REIT completed the acquisition of all issued shares of Highsmith (HK) Limited, which in turn indirectly owns the entire interest of Harbour Plaza Chongqing, a 38-storey hotel tower of 52,238 square metre. It is adjacent to Chongqing Metropolitan Oriental Plaza.

D&P China valued the hotel premises of Harbour Plaza Chongqing at RMB421 million as at 31 December 2017. Gross property value of hotel premises as at 31 December 2017 was RMB382 million.

On 8 March 2017, Hui Xian REIT completed the acquisition of 69% interest in Sheraton Chengdu Lido Hotel through the acquisition of Chengdu Investment Limited. It is a 37-storey hotel tower of 56,350 square metre located to the north of the landmark Tianfu Plaza, Chengdu city centre.

D&P China valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB722 million as at 31 December 2017. Gross property value of hotel premises as at 31 December 2017 was RMB691 million.

Net Assets Attributable to Unitholders

As at 31 December 2017, net assets attributable to Unitholders amounted to RMB26,783 million (31 December 2016: RMB26,439 million) or RMB4.7943 per Unit, representing a 52.2% premium to the closing unit price of RMB3.15 on 29 December 2017 (31 December 2016: RMB4.8403 per Unit, representing a 54.1% premium to the closing unit price of RMB3.14 on 30 December 2016).

Pledge of Assets

Hui Xian REIT does not pledge its properties to any financial institutions or banks. The Trustee (as trustee of Hui Xian REIT) and certain special purpose vehicles of Hui Xian REIT provide guarantees for the credit facilities of the Group.

Commitments

As at 31 December 2017, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Chongqing Metropolitan Oriental Plaza and Harbour Plaza Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2017, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,406 employees in Hong Kong and the PRC, of which 1,380 employees performed hotel operation functions and services, and 26 employees handled legal, regulatory and other administrative matters and carried out and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 31 December 2017.

TOP 5 CONTRACTORS

Contractors	Nature of services	Value of contract (RMB'000)	Percentage
Beijing Hui Xian Enterprise Services Limited	Property management	55,329	10.90%
Cayley Property Management (Shenzhen) Limited Chongqing Branch	Property management	24,742	4.90%
Beijing Goodwell Century Property Management Ltd.	Property management	20,258	4.00%
Beijing Citybase Century Property Management Ltd.	Property management	17,182	3.40%
Hyatt of China Limited	Management services	14,192	2.80%
		131,703	26.00%

TOP 5 REAL ESTATE AGENTS

Real estate agents	Nature of services	Commission paid (RMB'000)	Percentage
北京世邦魏理仕物業管理服務有限公司 Beijing CBRE Property Management Services Co., Ltd*	Leasing	1,860	6.00%
北京亞中聯合房地產經紀有限公司	Leasing	1,401	4.50%
北京天業聯行房地產經紀有限公司	Leasing	1,285	4.10%
北京遠行房地產經紀有限公司	Leasing	1,121	3.60%
北京中原房地產經紀有限公司	Leasing	1,100	3.50%
		6,767	21.70%

* For identification only

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("HKEx ESG Guide") set out in Appendix 27 of the Listing Rules. It documents the ongoing work and achievements of Hui Xian REIT and its investment portfolio in contributing to sustainable development. Unless specifically stated, it covers our sustainability work for the financial year ended 31 December 2017.

As a real estate investment trust (REIT), Hui Xian REIT currently owns five assets spanning retail, offices, serviced apartments and hotels. Operational management is delegated to different property or hotel management companies. The assets covered in this report are:

- Beijing Oriental Plaza (together with Grand Hyatt Beijing)
- Chongqing Metropolitan Oriental Plaza
- Sofitel Shenyang Lido
- Harbour Plaza Chongqing
- Sheraton Chengdu Lido Hotel

Throughout the reporting period, Hui Xian REIT has materially complied with the relevant provisions of the HKEx ESG Guide and the Listing Rules.

OUR APPROACH TO SUSTAINABILITY

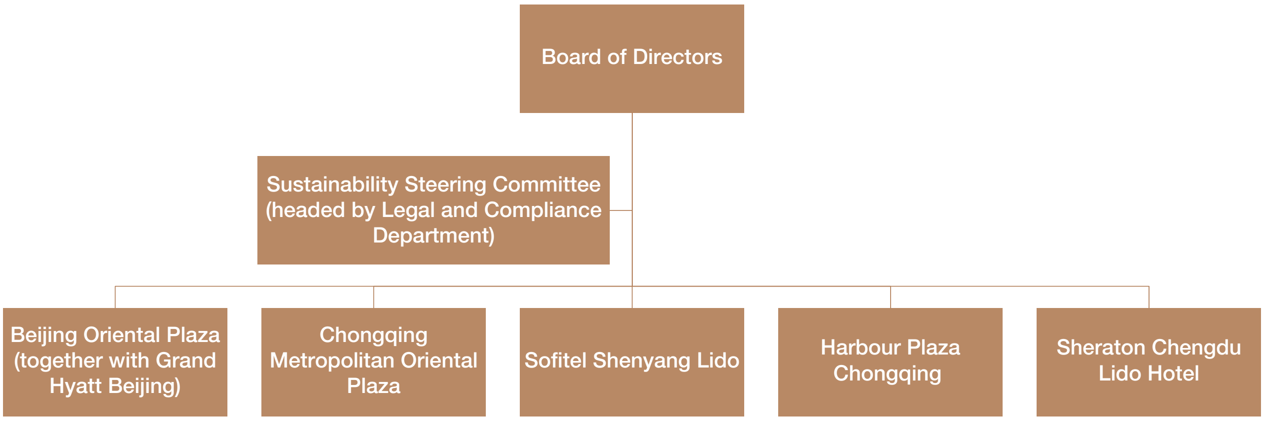
We are committed to bringing long-term value to our stakeholders including unitholders, employees, tenants, customers, suppliers, charity partners and the community. To address our stakeholders' concerns, we have embedded principles of sustainable development into our asset management activities and formulated a four-pillar sustainability strategy, covering operating practices, the environment, community and workplace quality.

Hui Xian REIT's four-pillar sustainability strategy

Operating practices – Preventing and combating corruption – Upholding service quality – Protecting personal data – Managing environmental and social performance of the supply chain	***Environment*** – Reducing greenhouse gas emissions and energy consumption – Conserving water – Monitoring environmental impact – Reducing waste
Community – Caring for the underprivileged – Contributing to the community	***Workplace quality*** – Protecting employee rights and enhancing our working environments – Maintaining health and safety in the workplace – Developing employees' skills

Sustainability Management Structure

We have established a sustainability steering committee, headed by our Legal and Compliance Department, to oversee the sustainability work of Hui Xian REIT. It recommends proposals to the Board which has overall responsibility for the ESG strategy and reporting to formulate and execute the sustainability strategy.



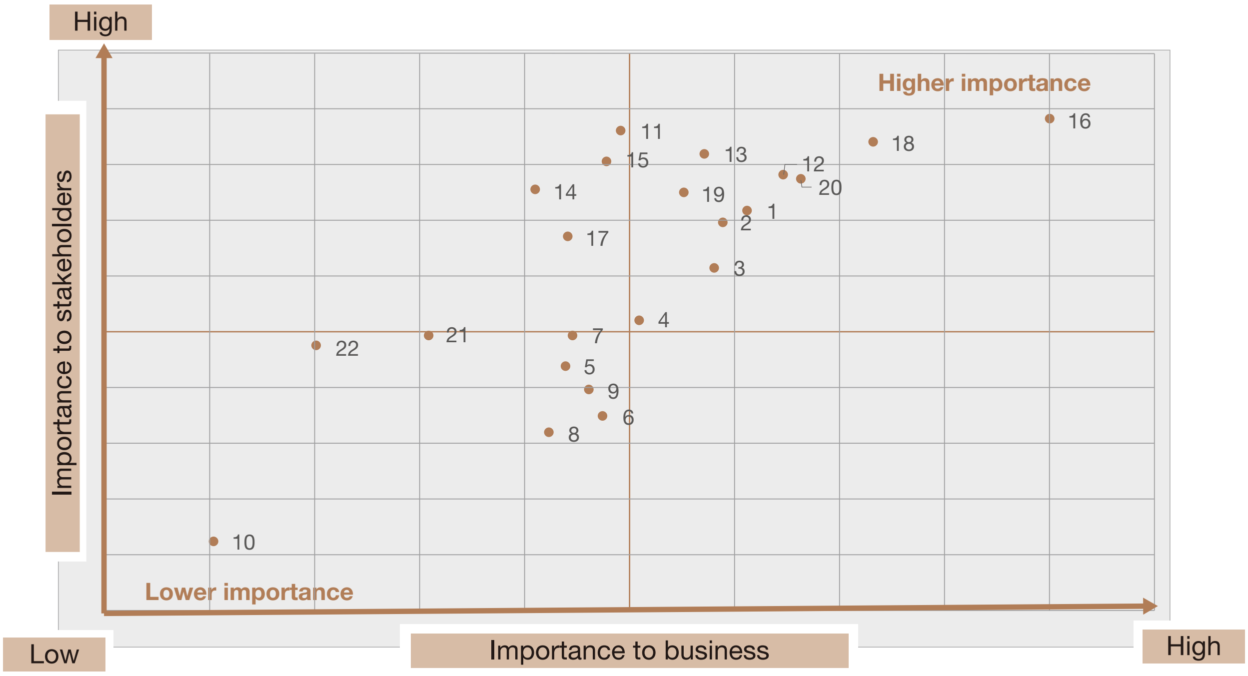
Stakeholder Engagement and Materiality Assessment

To further our growth in line with the expectation of our stakeholders, it is critical to take into consideration of their opinions on our business and sustainable development. Regular and comprehensive engagement exercises are key to marrying our long-term value and success with our commitment to Environmental, Social and Governance (ESG) concerns.

We take a proactive role in connecting with internal and external stakeholders. Engagement is tailored to different stakeholders:

Key stakeholder groups	Major engagement methods
Unitholders	Investor meetings Annual general meeting/other general meetings Annual and interim reports Investor relations web page
Employees	Online surveys Meetings Employee activities Interviews
Tenants	Meetings Tenant help desk
Customers	Customer satisfaction surveys Customer hotline Website and social media
Suppliers	Assessments and audits Supplier selection
Charity partners	Philanthropic activities

We recognise stakeholders' views as the most important factor in identifying issues for further improvement of our sustainability strategy formulation and disclosures. The following matrix was generated by a survey concerning the importance of issues, internal impacts on our business operations and external impacts on stakeholders.



Sustainability aspects	Topics (those with higher importance in bold)
Environmental	**1. Energy conservation (6th)** **2. Water conservation (7th)** **3. Environmental impact of resource use (9th)** **4. Waste management (10th)** 5. Sewage treatment 6. Greenhouse gas emissions 7. Environmental protection initiatives 8. Biodiversity 9. Land degradation, pollution and restoration
Social – Employment and labour practices	10. Workforce diversity 11. Employee remuneration and welfare **12. Employee career development (4th)** **13. Occupational safety and health (5th)** 14. Employee training and education 15. Child and forced labour prohibition

Sustainability aspects	Topics (those with higher importance in bold)
Social – Operating practices	**16. Anti-corruption (1st)**
	17. Supplier management
	18. Service quality (2nd)
	19. Intellectual property rights (8th)
	20. Customer privacy (3rd)
Social – Community	21. Community development–business integration
	22. Contribution to community

With reference to the materiality matrix, 10 issues (i.e. in bold above) were identified to be material. These issues with higher importance to both our stakeholders and business will be prioritised and discussed in more detail when addressing the four sustainability aspects in the corresponding sections of this report.

OPERATING PRACTICES

We operate in a highly regulated industry. Compliance with the relevant laws and regulations is essential to developing long-term partnerships with our stakeholders and to growing our business.

Anti-corruption

We take anti-corruption seriously to safeguard our unitholders' interests and to maintain our corporate reputation. Our code of conduct establishes a culture of integrity and reinforces ethical business practices. Our anti-corruption policy sets out in compliance with all applicable laws and regulations, to ensure our people are trained adequately to combat bribery and corruption.

At operation level, a whistle-blowing mechanism is in place for employees to report any misdeed or impropriety. To facilitate this, some business units have a "24-hour Ethic Point". This whistle-blowing platform can be accessed online or via a toll-free number. It allows staff to anonymously and confidentially report activities that may involve criminal, unethical, or otherwise inappropriate behaviour in violation of the policies. The system is designed to ensure that people feel confident about speaking out should an issue arise.

We provide anti-corruption and anti-bribery training to all staff each year. We are committed to maintaining and developing policies and rules to conduct our business in a fair and impartial manner.

Service Quality

Communication with customers

We ensure each customer receives excellent service and products. To gain a deep understanding of our customers' needs, our hotels create respectful and ongoing engagement with our customers by soliciting feedback and suggestions. These allow us to identify concerns with our services and to make corresponding improvements.

Complaint handling

It is important to give customers appropriate mechanisms to provide feedback if they are unsatisfied with any aspect of our service. Ensuring staff are well trained in handling such tensions is an important component to ensuring issues are resolved as positively as possible. This is why Harbour Plaza Chongqing, for example, provides regular customer relations training to ensure employees are able to handle any tension effectively.

It is important to deliver quality service to our customers and to swiftly address their concerns in an appropriate manner. We ensure any complaints or negative comments are properly responded to within 48 hours.

Customers' health and safety

We conduct regular review on health and safety standard of all services and products provided to our customers. For example, in our hotel assets, all catering personnel (including waiters, waitresses and cooks) are required to undergo health examinations as a precautionary measure for food safety. Some assets have commissioned third parties to conduct detailed food safety inspections at a regular interval. Additionally, at Sofitel Shenyang Lido, surveillance systems and security access control systems were renewed in 2017 to strengthen the security of the hotel.

Case studies – hotel security at Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel

Harbour Plaza Chongqing

We believe that our customer satisfaction attributed to our pursuit of high standards in safety and security. Harbour Plaza Chongqing continues to set targets and implement initiatives to uplift the security measures for guest safety. It has put in place a monitoring system to enhance the security of the property and to protect the health and safety of customers, tenants, employees and contractors.

The security department of Harbour Plaza Chongqing has incorporated anti-terrorism guideline into its safety training in accordance with national requirements.

Harbour Plaza Chongqing conducts regular fire drills to familiarise employees with emergency procedures. Going beyond the government standards, fire and evacuation drills are conducted three to four times annually and are conducted in normal working hours during off season to minimise the disturbance to our customers.

Harbour Plaza Chongqing received awards from the Yuzhong District government for the high standard of its security measures in 2017.

Sheraton Chengdu Lido Hotel

The security committee, consisting of managers from various departments and led by the hotel's General Manager, is accountable for Sheraton Chengdu Lido Hotel's security and safety performance. The committee organises regular meetings with various departments and external units to discuss hotel security measures. The meetings cover issues including anti-terrorism drills and natural disaster responses. The committee also conducts two fire safety drills for the hotel each year.

To ensure security issues are properly addressed, the security department organises morning briefings to manage any possible crises or threats. Dedicated personnel are assigned to patrol all areas of the event and to check thoroughly after events have ended.

Customer Privacy

We place great emphasis on customer privacy to ensure the security of information is imperative. All data collected by our assets is appropriately managed in accordance with relevant laws and regulations. At the hotel level, customers' credit card numbers are partially concealed in our records. Standard procedures applicable to the industry have been put in place to ensure personal data is handled in a proper manner by authorised personnel only. Some assets also conduct training sessions on detecting illegally installed cameras in guest rooms.

These systems and methods aim to protect customer and company data amid evolving risks and threats.

We also respect intellectual property rights by limiting the use of photos from our own gallery for promotional and advertising purposes.

Supplier Management

Our “Supplier Code of Conduct” defines ethical and legal guidelines and sets forth the specific behaviour that we expect from suppliers and contractors. Of the 1,413 suppliers we engaged during the year ended 31 December 2017, all are mandated to abide by this code. It covers areas including business conduct, labour practices, equal opportunities, anti-corruption, health and safety and environmental performance.

We have sustainable procurement strategies in place to reduce the environmental impact of operators and to stimulate environmental responsibility along the supply chain.

We also have an annual supplier selection and assessment process that incorporates high environmental and social standards. Most of our assets prioritise suppliers certified with ISO 14001 Environmental Management System, which demonstrates their capability to operate in an environmentally friendly manner.

We pre-examine our suppliers and apply different policies to engage suppliers across our assets. For instance, Harbour Plaza Chongqing inspects suppliers’ storage facilities per month to ensure products are manufactured in clean and well-ordered conditions.

ENVIRONMENT

Environmental Impact of Resource Use

Our investment portfolio includes retail property, offices, serviced apartments and hotels. For these diverse assets, we implement an integrated environmental management approach to effectively improve each asset’s environmental performance, regardless of the nature of the business. The environmental policy embodies our dedication to managing the environmental impacts of our business activities. It reflects our commitment to energy and resources conservation, pollution control and waste management.

Each asset sets up corresponding environmental taskforces to roll out programmes and measures to alleviate negative impacts on surrounding areas. For example, Sheraton Chengdu Lido Hotel has set targets of reducing 20% of water consumption and 30% of energy consumption by 2020. Harbour Plaza Chongqing organises environmental meetings throughout the year to discuss issues encountered with possible solutions. For instance, regular checking were conducted to monitor the situation after management identified one hotel floor consumed an unusual amount of water, electricity and gas last year.

Through this proactive environmental management approach, we have in material complied with relevant environmental laws and regulations.

Energy Conservation

A significant proportion of the greenhouse gas emissions at our retail, offices, serviced apartments and hotels comes from operational energy consumption such as lighting, air-conditioning, lift operation and catering. Implementing energy efficiency programmes can therefore effectively cut the emissions produced by our assets.

During the financial year ended 31 December 2017, the following measures were pursued at individual premises:

- replaced lighting with energy-saving luminaires such as LED lamps
- upgraded equipment in the restaurant kitchens and installed energy-efficient central air-conditioning systems
- regular checking of energy intensity data to monitor abnormal consumption
- commissioned third-party carbon audit to identify further reduction opportunities
- partook in “Earth Hour” to raise environmental awareness

Total energy consumption by all assets in 2017[1]		
Total energy consumption	GJ	531,778
Electricity	kWh	84,202,493
Natural gas	m^3	3,995,306
Energy intensity	GJ/m^2	0.48

Total greenhouse gas emissions by all assets in 2017[2]		
Scope 1 emissions	tonnes of carbon dioxide equivalent (tonnes CO_2e)	8,699
Scope 2 emissions	tonnes CO_2e	74,909
Total scope 1 and 2 emissions	tonnes CO_2e	83,608

Case study – environmental management at Grand Hyatt Beijing

Among our investment assets, Grand Hyatt Beijing has achieved remarkable results from its environmental management programme. During the financial year ended 31 December 2017, the hotel undertook hardware upgrades including a boiler modification project and high-efficiency water pump installation, which reduced both its energy and carbon footprints.

Grand Hyatt Beijing has been named the "Best Energy Conservation Hotel" by local authorities for its 40% reduction of its energy consumption since 2006. Sharing our experience to encourage better environmental management in the industry, the hotel's Director of Engineering was invited to join the Beijing Hotel Industry Engineering Professional Committee.

Water Conservation

We place high priority on water conservation. We use the latest technology to upgrade our facilities and monitor water consumption by installing sub-meters. This enables us to maintain a level of convenience for tenants and guests. For example:

- At Beijing Oriental Plaza, waterless urinals have been installed, and grey water is used for flushing and landscaping.
- To promote water-saving awareness among employees, Sofitel Shenyang Lido has applied a credit system to incentivise staff to take shorter showers.

Total water consumption by all assets in 2017		
Water	m^3	1,394,871
Water intensity	m^3/m^2	1.25

All waste water generated by our assets is discharged into the municipal sewage system, meeting the standards imposed by local laws and regulations. Waste water at Chongqing Metropolitan Oriental Plaza and Harbour Plaza Chongqing is properly treated before entering the sewage network.

1 In this report, we adopt the definitions set out in the Greenhouse Gas ("GHG") Protocol in respect of direct and indirect emissions, which states that:
- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity (Scope 1), including use of fuel for stationary and mobile combustion and refrigerant.
- Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity (Scope 2), including purchased electricity, steam and heat consumption.

Waste Management

Waste continues to be a challenging issue but we are continuing to work on various solutions. We minimise waste disposal to landfills by engaging employees, tenants and guests to reduce waste production through reuse and recycling. Cleaning cards are placed in bathrooms for guests to opt for changing towels less frequently.

At Harbour Plaza Chongqing's back office, double-sided printing and reuse of scrap paper are encouraged. The hotel uses WeChat (a Chinese social media app popular for messaging) and other electronic means instead of printed materials for promotions. For all our assets, unavoidable hazardous and non-hazardous waste is collected and properly disposed of by qualified third parties.

Total amount of waste recycled by all assets in 2017		
Paper	tonnes	122
Plastic	tonnes	39
Fluorescent light tubes	tonnes	2
Food	tonnes	93
Other waste recycled	tonnes	4

Total amount of waste disposed of by all assets in 2017		
Non-hazardous waste	tonnes	18,602
Hazardous waste	tonnes	23

Our assets reduce their environmental footprint by adopting green procurement practices. Operating under different management companies, the hotels have different programmes for green procurement. For example, Harbour Plaza Chongqing has reduced plastic use by using paper bags made with FSC-certified fibre.

WORKPLACE QUALITY

We value the contribution of our employees make towards the success of our investments. Therefore, we are dedicated to sustaining a pleasant, safe and harmonious workplace with rewarding careers. We provide competitive benefits and remuneration, and promote work-life balance and career development.

Committing to Employees Rights and a Pleasant Working Environment

We gain the trust of our employees by respecting their basic human and labour rights from the beginning of the employment process. Our employment policy and Employee Handbook detail the rights and benefits to which employees are entitled. Some of the assets' policies specifically address topics including human trafficking and information security.

Any form of discrimination (age, race, gender, religion, sexual orientation, family status or disability) is prohibited in our workplace. If employees have concerns about rights or suspected misconduct, various communication channels are in place for them to voice out.

We prohibit the use of child and forced labour in all aspects of our business. To comply with relevant laws and regulations, we conduct regular reviews.

Occupational Safety and Health

We are dedicated to offering a healthy and safe workplace for our employees. We have designed and implemented policies and operating procedures for different operations. Our health and safety procedures at workplace comply materially with all applicable laws and regulations.

In addition to enhancing emergency response preparedness, our assets have put in place measures to maintain the health and safety at work of our employees. These include health checks, incident reporting mechanisms and workplace safety improvement meetings.

We also look after our employees' well-being by providing staff gym facilities, arranging seminars with health experts, organising yoga lessons and hosting employee care days. As part of the family, we regularly organise staff birthday parties and provide mother-friendly facilities (e.g. lactation rooms with refrigerators).

Employee Career Development

We consider career development crucial to the long-term success of our investments. To provide rewarding careers for our employees, alongside salary adjustments, we treat annual performance reviews as communication channels with our employees on their work performance. Our assets have established programmes to develop high-potential staff and managers, paving the way for their future success.

In addition to orientation programmes, our assets offer training opportunities to equip employees with appropriate skills. Training topics include food safety, service etiquette, first aid and fraud prevention. This is particularly evident in our hospitality assets, which arrange special courses — namely foreign languages and sign language — to cater to their operational needs. Attachment programmes, in which employees are seconded to different hotels, have been initiated in some of our assets to broaden the employees' experience.

COMMUNITY

Rooted in the communities in which we operate, we are committed to supporting local harmony and better growth in our society. In particular, we focus resources on humanitarian aid for children and environmental protection. We encourage the management teams of our various assets to partner with local organisations to amplify our influence.

Following activities were conducted during the year by individual assets to engage employees in community work:

- monetary donation from charity sales and room revenue to the United Nations Children's Fund (UNICEF)
- participation in UNICEF Run to Give
- participation in World Wide Fund for Nature's Earth Hour

Alongside donations, we encourage our employees to participate in charitable activities. One of our assets initiated the Qinlong tree-planting event, in which employees helped villagers in Caochang, Hebei, to plant trees, lessen soil erosion and create favourable conditions for local fruit production.

APPENDIX – HKEX ESG GUIDE CONTENT INDEX

Indicators		Section/Statement
A. Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
	KPI A1.1 The types of emissions and respective emissions data.	Environment
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Environment
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environment

Indicators		Section/Statement
A. Environmental		
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environment
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environment
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Environment
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environment
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the core business of Hui Xian REIT
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Workplace Quality

Indicators		Section/Statement
B. Social		
Employment and Labour Practices		
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Workplace Quality
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Workplace Quality
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Workplace Quality
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community

CORPORATE GOVERNANCE

The Manager was established for the purpose of managing Hui Xian REIT. The Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Manager emphasise a quality board of directors, sound internal control, transparency and accountability to all Unitholders. The Manager has adopted and revised from time to time a compliance manual which sets out the key processes, systems and measures applied by the Manager in order to comply with the Trust Deed, the REIT Code and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy, which regulates, among others, the activities of the board of directors of the Manager.

Throughout the year ended 31 December 2017, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the SFO and the Listing Rules.

AUTHORISATION STRUCTURE

Hui Xian REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager is licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this report, Mr. CHEUNG Ling Fung, Tom (chief executive officer and executive director of the Manager), Mr. LEE Chi Kin, Casey (chief operating officer and executive director of the Manager), Ms. LAI Wai Yin, Agnes (chief financial officer and executive director of the Manager), Mr. CHING Sung, Eric (deputy chief investment officer of the Manager) and Ms. TANG Hiu Tung, Daisy (senior corporate finance and corporate development manager of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

The Trustee, DB Trustees (Hong Kong) Limited, is registered as a trust company under Section 77 of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong). It is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

ROLES OF THE TRUSTEE AND THE MANAGER

The Trustee and the Manager are independent of each other. The Trustee is primarily responsible under the Trust Deed for the safe custody of the assets of Hui Xian REIT and holds the assets in trust for the benefit of the Unitholders.

The Manager's role under the Trust Deed is to manage Hui Xian REIT and its assets in accordance with the Trust Deed in the sole interest of Unitholders and to fulfil the duties imposed on it under general law as manager of Hui Xian REIT and, in particular, to ensure that the financial and economic aspects of Hui Xian REIT are professionally managed in the sole interests of Unitholders.

During the year ended 31 December 2017, the Trust Deed was further amended pursuant to special resolutions passed at general meetings of Unitholders held on 12 May 2017. Further details of the amendments are set out in the circular dated 6 April 2017 published by the Manager.

BOARD OF DIRECTORS OF THE MANAGER

The Board is responsible for corporate governance and the overall management of the Manager. It establishes goals for the management and monitors the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of Hui Xian REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager and Hui Xian REIT, including a system of internal control and a business risk management process.

The Directors in the year ended 31 December 2017 were Mr. KAM Hing Lam (chairman and non-executive director); Mr. CHEUNG Ling Fung, Tom (chief executive officer and executive director) and Mr. LEE Chi Kin, Casey (chief operating officer and executive director); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).

BOARD COMPOSITION

The Board currently comprises nine members and three of whom are independent non-executive directors ("INEDs").

There were no changes to the composition of the Board or any of its committees during the year ended 31 December 2017.

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

(1) the chairman of the Board should be a non-executive director;

(2) the Board should comprise directors with a broad range of commercial experience including expertise in fund management and the property industry; and

(3) at least one-third of the Board should comprise INEDs (which, based on the current composition of the Board, will require the Manager to have at least three INEDs).

INEDs must be individuals who fulfil the independence criteria set out in the compliance manual. The Manager has received written confirmation from each of its INEDs confirming his independence.

The positions of chairman and chief executive officer are held by two separate persons in order to maintain an effective segregation of duties. The chairman leads the Board discussions and deliberations and is responsible for setting the meeting agenda of Board meetings. He ensures that Board meetings are held when necessary. He promotes high standards of corporate governance and maintenance of effective communications with Unitholders. The chief executive officer is responsible for the day-to-day management of the Manager and Hui Xian REIT. He executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of Hui Xian REIT's business via management reports.

Four Board meetings of the Manager were held in 2017. The attendance of each Director at these Board meetings was as follows:

Members of the Board	Attendance
Chairman and Non-executive Director	
Mr. KAM Hing Lam	4/4
Executive Directors	
Mr. CHEUNG Ling Fung, Tom *(chief executive officer)*	4/4
Mr. LEE Chi Kin, Casey *(chief operating officer)*	4/4
Non-executive Directors	
Mr. IP Tak Chuen, Edmond	4/4
Mr. LIM Hwee Chiang	4/4
Mr. YIN Ke	1/4
Independent Non-executive Directors	
Mr. CHENG Hoi Chuen, Vincent	4/4
Professor LEE Chack Fan	4/4
Dr. CHOI Koon Shum, Jonathan	2/4

APPOINTMENTS AND REMOVALS OF DIRECTORS

The appointments and removals of Directors (including responsible officers appointed under the SFO) are matters for the Board and the shareholders of the Manager in accordance with the compliance manual, the articles of association of the Manager and applicable laws. As the Manager is licensed by the SFC under Part V of the SFO, the appointments and removals of any of its directors and responsible officers must be notified to the SFC and the appointment of a responsible officer requires the prior approval of the SFC.

BOARD COMMITTEES

Subject to the provisions contained in the corporate governance policy, the Board has the power to delegate certain of its responsibilities to board committees. Three board committees have been established, each with clear terms of reference, to assist the Board in discharging its responsibilities. Unless the decision making power has been vested in the relevant board committee, the ultimate responsibility of making final decisions rests with the full Board and not the board committee. Where appropriate, each board committee reports back to the Board on key decisions or submits its findings and recommendations to the full Board for consideration and endorsement.

The three board committees are:

AUDIT COMMITTEE

The Audit Committee of the Manager is appointed by the Board from among its members and comprises non-executive directors only. Majority of the members of the Audit Committee are INEDs and at least one INED has appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee is chaired by an INED, namely Mr. CHENG Hoi Chuen, Vincent. During the year ended 31 December 2017, the other members of the Audit Committee were Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan (both INEDs), Mr. IP Tak Chuen, Edmond and Mr. YIN Ke (who were non-executive directors).

The Audit Committee is responsible for establishing and maintaining an adequate internal control structure and ensuring the quality and integrity of financial statements. The Audit Committee is also responsible for the nomination of independent external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee also ensures the existence and working of an effective system of internal control and risk management in respect of both the Manager and Hui Xian REIT.

The Audit Committee's responsibilities also include:

(1) reviewing dealings of the Manager and the Directors on a half-yearly basis;

(2) making recommendations for Director's appointment and reappointment to, and, where appropriate, proposing Directors for removal from, the full Board;

(3) reviewing all financial statements and all external audit reports and developing and implementing a policy on the engagement of external auditors to provide non-audit services;

(4) ensuring the internal audit function is adequately resourced and guiding the management to take appropriate actions to remedy any faults or deficiencies in internal controls which may be identified;

(5) assisting the Board in its monitoring of the Manager's overall risk management profile and setting guidelines and policies to govern risk assessment and risk management;

(6) periodically reviewing and monitoring all connected party transactions and related party transactions; and

(7) reviewing the Manager and Hui Xian REIT's compliance with legal and regulatory requirements on a regular basis.

The Audit Committee held two meetings during the year ended 31 December 2017 to (among others) consider and review the annual results for the year ended 31 December 2016, the interim results for the six months ended 30 June 2017, connected party transactions and reports from the external and internal auditors. Attendance at these two meetings of the Audit Committee was as follows:

Members of the Audit Committee	Attendance
Mr. CHENG Hoi Chuen, Vincent *(chairman of the committee)*	2/2
Professor LEE Chack Fan	2/2
Dr. CHOI Koon Shum, Jonathan	0/2
Mr. IP Tak Chuen, Edmond	2/2
Mr. YIN Ke	1/2

DISCLOSURES COMMITTEE

The Disclosures Committee comprises the chief executive officer and two non-executive directors of the Manager, one of whom is an INED. Its role is to review matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the Manager, who bears the responsibility in ensuring that such disclosure is accurate, complete and not misleading. During the year ended 31 December 2017, the members of the Disclosures Committee were Mr. CHEUNG Ling Fung, Tom, Mr. IP Tak Chuen, Edmond and Professor LEE Chack Fan. Mr. CHEUNG Ling Fung, Tom was the chairman of the Disclosures Committee.

The Disclosures Committee's responsibilities include:

(1) reviewing and recommending to the Board on matters of corporate disclosure issues and announcements regarding (without limitation) financial reporting, connected party transactions and potential areas of conflict of interests;

(2) overseeing compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and currency of information disseminated by or on behalf of Hui Xian REIT to the public and applicable regulatory agencies;

(3) reviewing and approving all material non-public information and all public regulatory filings of or on behalf of Hui Xian REIT prior to such information being disseminated to the public or filed with applicable regulatory agencies, as applicable;

(4) reviewing periodic and current reports, proxy statements, information statements, registration statements and any other information filed with regulatory bodies;

(5) reviewing press releases containing financial information, information about material acquisitions or dispositions or other information material to Unitholders; and

(6) reviewing correspondence containing financial information disseminated to Unitholders.

The Disclosures Committee held two meetings during the year ended 31 December 2017 to consider (among others) the disclosures in the interim and annual results announcements, and the disclosures in the interim and annual reports. Attendance at these two meetings of the Disclosures Committee was as follows:

Members of the Disclosures Committee	Attendance
Mr. CHEUNG Ling Fung, Tom *(chairman of the committee)*	2/2
Mr. IP Tak Chuen, Edmond	2/2
Professor LEE Chack Fan	2/2

DESIGNATED (FINANCE) COMMITTEE

The Designated (Finance) Committee comprises the chief executive officer and two non-executive directors, one of whom is an INED. During the year ended 31 December 2017, the members of the Designated (Finance) Committee were Mr. YIN Ke, Mr. CHEUNG Ling Fung, Tom and Dr. CHOI Koon Shum, Jonathan. Mr. YIN Ke was the chairman of the Designated (Finance) Committee.

The Designated (Finance) Committee's responsibilities include reviewing, considering, and deciding or recommending to the Board (as the case may be), based on recommendation papers prepared by the management, on matters relating to hedging strategies, financing and re-financing arrangements and transactions involving derivative instruments for hedging purposes.

The Designated (Finance) Committee did not hold any physical meeting in 2017.

MANAGEMENT OF BUSINESS RISK

As part of the risk management process, the Board meets quarterly or more often if necessary to review (among other information) the financial performance of Hui Xian REIT against the approved budget for the corresponding period. The Board also reviews risks to the assets of Hui Xian REIT from time to time and acts upon any comments from the independent external auditor where appropriate. In assessing any business risk, the Board will consider the economic environment and risks relevant to the real estate sector. In order to mitigate against risks, the Manager will hedge against interest rate exposure if necessary, prudently select tenants and review their financial position if necessary and always maintain sufficient liquidity for Hui Xian REIT.

CONFLICTS OF INTERESTS

During the year ended 31 December 2017, the Manager is indirectly owned by CK Asset Holdings Limited ("CKAH"), ARA Asset Management Limited ("ARA") and CITIC Securities International Company Limited ("CITIC Securities") as to 30%, 30% and 40% respectively. To the best of the Manager's knowledge, CKAH had an indirect interest of approximately 8% in the shares of ARA as at 31 December 2017 and indirectly held units in both Fortune Real Estate Investment Trust ("Fortune REIT") and Prosperity Real Estate Investment Trust ("Prosperity REIT") which are managed by wholly-owned subsidiaries of ARA.

As the Manager understands:

(a) the principal activities of CKAH, its subsidiaries and associated companies ("CKAH Group") encompass property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, and investment in energy and infrastructure assets that are household equipment services related;

(b) ARA, its subsidiaries and associated companies ("ARA Group") are engaged in the management of publicly listed real estate investment trusts ("REITs") (which includes Prosperity REIT and Fortune REIT) and private real estate funds; and

(c) the principal activities of CITIC Securities, its holding company, their respective subsidiaries and associated companies ("CITIC Securities Group") include securities trading, underwriting and sponsoring, proprietary trading, asset management and investment banking advisory services.

There may be circumstances where Hui Xian REIT (on the one hand) and the CKAH Group, Prosperity REIT, Fortune REIT, and other publicly listed REITs and private real estate funds managed by ARA Group (on the other hand) may compete with each other for property acquisition and leasing opportunities. Hui Xian REIT (on the one hand), the CKAH Group, Fortune REIT, Prosperity REIT and other publicly listed REITs and private real estate funds managed by ARA (on the other hand) may also acquire properties or other assets from each other or may enter into other transactions with each other in the future. Conflicts of interests may therefore arise in connection with the potential acquisitions, leasing opportunities and transactions mentioned above. Although Hui Xian REIT and CITIC Securities Group are engaged in different businesses, there is no assurance that conflicts of interests will not arise between Hui Xian REIT, the Manager and CITIC Securities Group. In particular, should there be any transactions between Hui Xian REIT and CITIC Securities Group, conflicts of interests may arise when negotiating the terms of such transactions.

The Manager may also experience conflicts of interests as a result of other roles of its Board members. Mr. KAM Hing Lam and Mr. IP Tak Chuen, Edmond and some of the senior executives of the Manager are also directors and/or senior executives of the CKAH Group and/or its affiliated companies. Mr. IP Tak Chuen, Edmond is also a non-executive director of ARA. Mr. LIM Hwee Chiang was a substantial shareholder of ARA prior to ARA's privatization and is a director of ARA and a non-executive director of the respective managers of Prosperity REIT and Fortune REIT. As such, each of Mr. KAM, Mr. IP and Mr. LIM may have conflicting duties between his directorship in Hui Xian REIT and his other directorships.

The Manager has developed the following measures in order to address and manage the potential conflicts of interests described above:

(1) unless with the approval from the SFC, the Manager does not manage any REIT other than Hui Xian REIT nor does it manage any real estate assets other than those in which Hui Xian REIT has an ownership interest or investment;

(2) the Manager has established internal control systems to ensure that connected party transactions between Hui Xian REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest situation that may arise are monitored;

(3) all conflicts of interests are required to be managed by the full Board, including the INEDs; and

(4) any director of the Manager who has a material interest in a matter which is the subject of a resolution proposed at a board meeting of the Manager is required to abstain from voting on the resolution concerned and not to be counted in the quorum at the board meeting at which such resolution is proposed.

The Manager confirms that it is capable of performing and shall continue to perform its duties for Hui Xian REIT independent of the related business of the CKAH Group, ARA Group Fortune REIT, Prosperity REIT and other REITs and private real estate funds managed by the ARA Group and in the best interests of Hui Xian REIT and the Unitholders.

COMMUNICATION WITH UNITHOLDERS

The Manager considers that effective communication with Unitholders is essential for enhancing investor relations and investors' understanding of Hui Xian REIT's business performance and strategies. The Manager also recognises the importance of transparency and timely disclosure of corporate information, which will enable Unitholders and investors to make informed decisions.

General meetings of Unitholders provide a forum for communication between the Board and the Unitholders. An annual general meeting with an extraordinary general meeting were held on the same date in the year ended 31 December 2017 with attendance as follows:

Members of the Board	Attendance
Chairman and Non-executive Director	
Mr. KAM Hing Lam	1/1
Executive Directors	
Mr. CHEUNG Ling Fung, Tom *(chief executive officer)*	1/1
Mr. LEE Chi Kin, Casey *(chief operating officer)*	1/1
Non-executive Directors	
Mr. IP Tak Chuen, Edmond	1/1
Mr. LIM Hwee Chiang	1/1
Mr. YIN Ke	1/1
Independent Non-executive Directors	
Mr. CHENG Hoi Chuen, Vincent	1/1
Professor LEE Chack Fan	1/1
Dr. CHOI Koon Shum, Jonathan	0/1

Hui Xian REIT also maintains a website at www.huixianreit.com where updated information on Hui Xian REIT's business operations and developments, financial information and other corporate communication are posted. The Manager has been actively participating in regular press conferences and meetings with investors and analysts in order to update interested parties on the performance of Hui Xian REIT.

REPORTING AND TRANSPARENCY

Hui Xian REIT prepares its accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants with a financial year-end of 31 December. In accordance with the REIT Code, the annual reports and interim reports for Hui Xian REIT are published and sent to Unitholders within four months from the end of the financial year and within two months from end of the half-yearly period.

As required by the REIT Code, the Manager ensures that public announcements of material information and developments with respect to Hui Xian REIT are made on a timely basis in order to keep Unitholders apprised of the position of Hui Xian REIT. Announcements are made by publishing on the website of Hong Kong Exchanges and Clearing Limited and the website of Hui Xian REIT.

The Manager also issues announcements and circulars to Unitholders in respect of transactions that, pursuant to the REIT Code (or in the reasonable opinion of the Trustee or the Manager), require Unitholders' approval or in respect of material information in relation to Hui Xian REIT, in accordance with the Trust Deed.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards, the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code.

The consolidated financial statements of Hui Xian REIT for the year ended 31 December 2017 were audited by Deloitte Touche Tohmatsu and a statement on their responsibility with respect to the financial statements is set out in the Independent Auditor's Report on pages 129 to 134 of this Annual Report.

ISSUES OF FURTHER UNITS POST-LISTING

To minimise the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code. Such provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued: (i) free of such pre-emption rights up to an aggregate maximum in any financial year of 20% of the number of Units in issue at the end of the previous financial year; and (ii) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an ordinary resolution is obtained. Subject to the above, Units may be issued as consideration for the acquisition of additional real estate.

CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS OR MANAGER AND DISCLOSURE OF INTEREST IN UNITS

The Manager has adopted rules governing dealings in Units by the Directors, Manager and certain senior executives of the Manager, or the special purpose vehicles of Hui Xian REIT who, because of his/her office in the Manager, or the relevant special purpose vehicles of Hui Xian REIT, is likely to be in possession of unpublished inside information in relation to the securities of Hui Xian REIT (collectively the "Management Persons"). These rules are set out in the Code Governing Dealings in Units by Directors or the REIT Manager (the "Units Dealing Code") contained in the compliance manual. It sets out the required standard against which Management Persons must measure their conduct regarding transactions in securities of Hui Xian REIT and are on terms no less exacting than those of the Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules.

Management Persons wishing to deal in any securities of Hui Xian REIT must first have regard to the provisions of Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct, as if those provisions apply to the securities of Hui Xian REIT.

Management Persons who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Listing Rules or any connected party transactions under the REIT Code or any inside information must refrain from dealing in the securities of Hui Xian REIT as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the REIT Code and any applicable Listing Rules. Management Persons who are privy to relevant negotiations or agreements or any inside information should caution those Management Persons who are not so privy that there may be unpublished inside information and that they must not deal in Hui Xian REIT's securities for a similar period.

A Management Person must not deal in any securities of Hui Xian REIT at any time when he is in possession of unpublished inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him in the manner as provided in Units Dealing Code. Further, Management Persons must not deal in the securities of Hui Xian REIT on any day on which Hui Xian REIT's financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the annual results; and (b) during the period of 30 days immediately preceding the publication date of the half-yearly results or, if shorter, the period from the end of the half-year period up to the publication date of the relevant results, unless the circumstances are exceptional. In any event, in the case of dealings by a Management Person, the Management Person must comply with the procedures set out in the Units Dealing Code.

The Manager is a Management Person and is subject to the same dealing requirements as the Directors.

Specific enquiry having been made with each of the Management Persons, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code during the year ended 31 December 2017.

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

Under the Trust Deed, Unitholders with a holding of 5% or more of the Units in issue, and the Directors and chief executive of the Manager with an interest in the Units, will have a notifiable interest and will be required to notify the Stock Exchange and the Manager of their holdings in Hui Xian REIT. The Manager keeps a register for these purposes and it records in the register, against a person's name, the particulars provided pursuant to the notification and the date of entry of such record. The said register is available for inspection by the Trustee and any Unitholder at any time during business hours upon reasonable notice to the Manager.

MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION

Pursuant to the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of special resolution. Such matters include, without limitation: (a) change in the Manager's investment policies or strategies for Hui Xian REIT; (b) disposal of any land or an interest, option or right over any of the land forming part of the assets of Hui Xian REIT or shares in any company holding such land, option or right over any of the land for Hui Xian REIT within two years of the acquisition of such land; (c) any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee; (d) any increase in the variable fee payable to the Manager above the rate stated in the Trust Deed or any change in the structure of the variable fee; (e) any increase in the acquisition fee above the permitted limit or any change in the structure of the acquisition fee; (f) any increase in the divestment fee above the permitted limit or any change in the structure of the divestment fee; (g) any increase in the rate of the remuneration of the Trustee above the permitted limit or any change in the structure of the remuneration of the Trustee; (h) amendment, variation, modification, alteration or addition to the provisions of the Trust Deed; (i) termination of Hui Xian REIT; and (j) merger of Hui Xian REIT. Unitholders may also, by way of special resolution, (i) remove Hui Xian REIT's auditors and appoint other auditors or (ii) remove the Trustee.

Any decisions to be made by resolution of Unitholders other than the above shall be made by ordinary resolution, unless a special resolution is required by the REIT Code. Such matters requiring approval by way of ordinary resolution include, without limitation, (a) subdivision or consolidation of the Units; (b) any issue of the Units after the listing date which would increase the market capitalisation of Hui Xian REIT by more than 50%; (c) any issue of the Units during any financial year that would increase the total number of Units from the number of Units that were outstanding at the end of the previous financial year by more than 20% (or such other percentage of the outstanding Units as may, from time to time, be prescribed by the SFC); (d) an issue of new Units to a connected person (other than as part of an offer made to all Unitholders on a pro rata basis) except pursuant to an initial public offering, an issue of Units in lieu of the payment of fees to the Manager pursuant to the Trust Deed, an issue of Units in respect of reinvestment of distribution to Unitholders, or a rights issue; and (e) the election by the Manager for the acquisition fee or the divestment fee, which is to be paid to the Manager in the form of cash, Units or party in cash and partly in the form of the Units. The appointment of a new manager of Hui Xian REIT by the Trustee upon the dismissal or retirement of the Manager is (to the extent required by the REIT Code (as may be modified by any waivers or exemptions)) subject to the passing of an ordinary resolution by the Unitholders and the prior approval of the SFC. Unitholders may also, by way of ordinary resolution, dismiss the Manager and any principal valuer appointed by the Trustee on behalf of Hui Xian REIT in accordance with the Trust Deed.

CHANGE OF DIRECTOR'S INFORMATION

Updated information on the Manager's directors are set out in the section on Directors' Biographical Information on page 68 of this annual report. Save from (i) the resignation of Professor LEE Chack Fan as director of AZD Partners Technology Holdings Limited (now known as "Healthoo International Technology Holdings Limited"), with effective from 15 August 2017 and (ii) the resignation of Mr. YIN Ke as director of Hui Xian Asset Management Limited (as manager of Hui Xian REIT) with effect from 8 January 2018, as disclosed therein, there was no change in the information of the Directors since the last published interim report.

COMPLIANCE WITH THE COMPLIANCE MANUAL

During the year ended 31 December 2017, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual.

REVIEW OF ANNUAL REPORT

The annual report of Hui Xian REIT for the year ended 31 December 2017 has been reviewed by the Audit Committee and the Disclosures Committee.

NEW UNITS ISSUED

In the year ended 31 December 2017, (i) an aggregate of 37,386,579 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 86,831,971 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2016 to 31 December 2016 and the interim distribution for the period from 1 January 2017 to 30 June 2017.

BUY-BACK, SALE OR REDEMPTION OF UNITS

There was no buy-back, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the year ended 31 December 2017.

PUBLIC FLOAT OF THE UNITS

As far as the Manager is aware, more than 25% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 31 December 2017.

INTERNAL CONTROL AND RISK MANAGEMENT

BACKGROUND

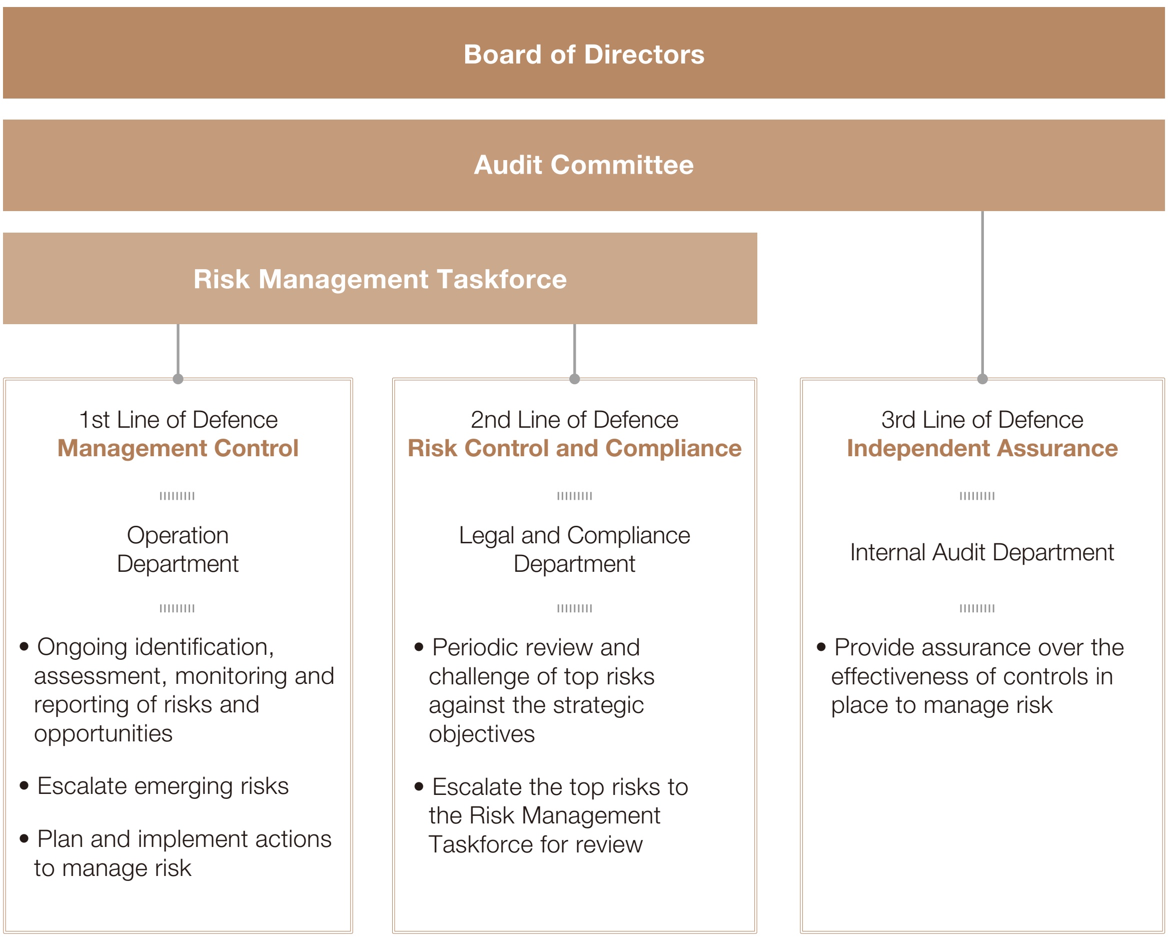
To maintain good corporate governance, Hui Xian REIT implements a structured risk management framework to identify, assess and manage operational risks at an earlier stage. Throughout the Reporting Period, Hui Xian REIT has complied with the relevant Provisions of the Corporate Governance Code and the Listing Rules.

Application of the risk management framework ranges from day-to-day business activities to strategic planning processes at management level, which enables a consistent and holistic view of risk. A "Top-Down" approach is adopted for Hui Xian REIT's risk management system which is monitored and controlled by the Board, the Audit Committee, and the Risk Management Taskforce to identify any high risks that may affect the fulfillment of Hui Xian REIT's business objectives and financial performance.

RISK GOVERNANCE STRUCTURE

The risk governance structure is depicted through the accountability framework for managing risks across Hui Xian REIT. It adopts the "Three Lines of Defence" model, which provides a simple and effective way to enhance communications on risk management and control:

1st Line of Defence	:	Management Control by Operation Department
2nd Line of Defence	:	Risk Control and Compliance by Legal and Compliance Department
3rd Line of Defence	:	Independent Assurance by Internal Audit Department



ROLES AND RESPONSIBILITIES

Board of Directors

Ultimate responsibility for the risk management is assumed by the Board whose role is to ensure that management puts in place appropriate and rigorous systems to manage risk.

Audit Committee

Audit Committee, delegated by the Board, performs risk governance role on risk management. Internal Audit Department appraises Hui Xian REIT's risk management system and reports the result annually to the Audit Committee.

Risk Management Taskforce

Risk Management Taskforce comprises (i) the Chief Executive Officer, the Chief Financial Officer, the Chief Compliance Officer and the Legal Manager as standing members and (ii) relevant Department Heads on a rotational/as needed basis. Risk Management Taskforce's responsibilities are overseeing the Enterprise Risk Management system and its implementation, reviewing the results of annual risk assessment and proposing enhancements to the Enterprise Risk Management system.

ANNUAL REVIEW OF THE ENTERPRISE RISK MANAGEMENT SYSTEM

Enterprise Risk Assessment Methodology

Hui Xian REIT adopts the Committee of Sponsoring Organizations of Treadway Commission (COSO) Enterprise Risk Management ("ERM") Framework in establishing its ERM system which illustrates the key components of any ERM system. Hui Xian REIT's methodology for its risk assessment comprises four core stages as below. The process is performed as necessary to address changes in Hui Xian REIT's business environment.

Ongoing communication, monitoring and review

INTERNAL CONTROL

The Board, through the Audit Committee, conducts reviews on the effectiveness of the internal control system of Hui Xian REIT, which covers all material areas, including financial, operational and compliance controls and risk management functions. The Board has appointed an internal audit manager to maintain an independent and objective internal audit function and to report on the adequacy, effectiveness and efficiency of the Manager's operations on ERM.

Audit plan for each year is prepared by the internal audit manager using a risk based methodology in consultation with, but independent of, the management for review by the Audit Committee. The audit review focuses on operational and compliance controls of Hui Xian REIT and the effective implementation of the internal control systems and compliance procedures.

Six audit reviews were conducted in the year ended 31 December 2017. Accomplishments of the audit plan and major findings of the audit reviews were reported to the Audit Committee on a half-yearly basis. Adequate controls were found to be in place and no major irregularities were noted. Recommendations to further improve on the internal control framework were all implemented.

CONNECTED PARTY TRANSACTIONS

A. CONNECTED PARTY TRANSACTIONS AND RELATED WAIVERS

Waivers from Strict Compliance with Certain Requirements under the REIT Code

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 and from time to time thereafter, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions involving Hui Xian REIT (the "Waivers") were granted by the SFC. Some of the Waivers were subsequently modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted were disclosed in the 2011 Interim Report of Hui Xian REIT and the announcements issued by the Manager from time to time. For those Waivers granted by SFC for the year ended 31 December 2017, such terms and conditions were disclosed and published by the Manager in the announcement on 28 February 2017, 8 March 2017 and 12 May 2017. Throughout the year ended 31 December 2017, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers.

Connected Party Transactions

Set out below is a summary of the information in respect of the connected party transactions entered into in the year ended 31 December 2017, other than those transactions that are exempted from disclosure and/or excluded pursuant to the waivers granted by the SFC.

Connected Party Transactions — Income

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income for the year ended 31 December 2017:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2017 RMB'000
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	4,017
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	1,696
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	733
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder[1]	Leasing and licensing transaction	3,588
Cheung Kong (Holdings) Limited Beijing Office	Associated company of a significant holder[1]	Leasing and licensing transaction	92
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	93
北京雷霆萬鈞網路科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Company Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	1,228

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2017 RMB'000
北京雷霆無極網路科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	816
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	1,054
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	55
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	55
香港TOM集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	Associated company of a significant holder[1]	Leasing and licensing transaction	38
森棟乙（北京）科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	55
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	555
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	2,580
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	Associated company of a significant holder[1]	Leasing and licensing transaction	314
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of a significant holder[1]	Leasing and licensing transaction	48
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder[1]	Leasing and licensing transaction	985
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of a significant holder[1]	Leasing and licensing transaction	987
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder[1]	Leasing and licensing transaction	1,790
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder[1]	Leasing and licensing transaction	1,909
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder[1]	Leasing and licensing transaction	64

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2017 RMB'000
重慶東廣飯店有限公司[3] (Chongqing Oriental Plaza Hotel Co., Ltd.*#)	Associated company of a significant holder[1]	Leasing and licensing transaction	84
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	Associate of a director of a significant holder[2]	Leasing and licensing transaction	2,045
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Leasing and licensing transaction	444
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	Associated company of the Trustee[4]	Leasing and licensing transaction	1,148
Bank of China Limited	Associated company of a significant holder[1]	Leasing and licensing transaction	28,056
香港貿易發展局 (The Hong Kong Trade Development Council*)	Associate of a director of Manager[5]	Leasing and licensing transaction	353
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	Associate of a director of Manager[5]	Leasing and licensing transaction	150
重慶東廣飯店有限公司[3] (Chongqing Oriental Plaza Hotel Co., Ltd.*#)	Associated company of a significant holder[1]	Public Utilities charges	183
廣州飛機維修工程有限公司 (Guangzhou Aircraft Maintenance Engineering Company Limited*)	Associated company of a significant holder[1]	Hotel room revenue	2
和記地產集團有限公司 (Hutchison Property Group Limited*)	Associated company of a significant holder[1]	Hotel room revenue	1
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of a significant holder[1]	Hotel room revenue	87
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder[1]	Hotel room revenue	57
家利物業管理（深圳）有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associated company of a significant holder[1]	Hotel room revenue	4
家利物業管理（重慶）有限公司珊瑚水岸分公司 (Cayley Property Management (Chongqing) Ltd — Cape Coral Branch*)	Associated company of a significant holder[1]	Hotel room revenue	6
家利物業管理（重慶）有限公司逸翠莊園分公司 (Cayley Property Management (Chongqing) Ltd — Noble Hills Branch*)	Associated company of a significant holder[1]	Hotel room revenue	6

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2017 RMB'000
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder[1]	Hotel room revenue	29
Hui Xian Asset Management Limited	Manager	Hotel room revenue	14
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Hotel room revenue	331
香港貿易發展局 (The Hong Kong Trade Development Council*)	Associate of a director of Manager[5]	Hotel room revenue	– ^
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	Associate of a director of Manager[5]	Hotel room revenue	249
南京大學 (Nanjing University*)	Associate of a director of Manager[5]	Hotel room revenue	– ^
中國人壽富蘭克林資產管理有限公司 (China Life Franklin Asset Management Co., Limited*)	Associate of a director of a significant holder[11]	Hotel room revenue	4
中國人壽資產管理有限公司 (China Life Asset Management Co. Limited*)	Associate of a director of a significant holder[11]	Hotel room revenue	9
中銀城市發展資產管理(上海)有限公司 (Bank of China Assets Management (Shanghai) Co. Ltd.*)	Associate of a director of a significant holder[7]	Hotel room revenue	1
中國文化產業投資基金管理有限公司 (China Culture Industry Investment Fund Management Co., Ltd.*)	Associate of a director of a significant holder[7]	Hotel room revenue	4
中信証券股份有限公司 (CITIC Securities Company Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	73
中信期貨有限公司 (CITIC Futures Co., Ltd.*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	2
中信金石基金管理有限公司 (CITIC GoldStone Fund Management Company Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	1
青島金石灝汭投資有限公司 (Qingdao GoldStone Haorui Investment Company Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	1
金石投資有限公司 (Goldstone Investment Co., Ltd.*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	1
華夏基金管理有限公司 (China Asset Management Co., Ltd.*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	37
華夏基金(香港)有限公司 (China Asset Management (Hong Kong) Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Hotel room revenue	3

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2017 RMB'000
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	11
北京雷霆萬鈞網路科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	2
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	5
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	209
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	238
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	4
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	17
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	60
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	82
家利物業管理（深圳）有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	6
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder[1]	Food & beverages and other hotel income	6
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	Associate of a director of a significant holder[2]	Food & beverages and other hotel income	1
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of Manager	Food & beverages and other hotel income	111
Bank of China Limited	Associated company of a significant holder[1]	Food & beverages and other hotel income	159
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	Associate of a director of Manager[5]	Food & beverages and other hotel income	1

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2017 RMB'000
復旦大學 (Fudan University)	Associate of a director of Manager[5]	Food & beverages and other hotel income	10
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	Associate of a director of Manager[10]	Food & beverages and other hotel income	68
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	Associate of a director of a significant holder[9]	Food & beverages and other hotel income	1
國壽安保基金管理有限公司 (China Life AMP Asset Management Co., Ltd.*)	Associate of a director of a significant holder[9]	Food & beverages and other hotel income	– ^
中銀集團投資有限公司 (Bank of China Group Investment Limited*)	Associate of a director of a significant holder[7]	Food & beverages and other hotel income	2
中國文化產業投資基金管理有限公司 (China Cultural Industry Investment Fund Management Co., Ltd.*)	Associate of a director of a significant holder[7]	Food & beverages and other hotel income	– ^
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	Associate of a director of a significant holder[8]	Food & beverages and other hotel income	28
中信証券股份有限公司 (CITIC Securities Company Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Food & beverages and other hotel income	37
中信期貨有限公司 (CITIC Futures Co., Ltd.*)	Subsidiary of a substantial shareholder of Manager[6]	Food & beverages and other hotel income	4
中信金石基金管理有限公司 (CITIC GoldStone Fund Management Company Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Food & beverages and other hotel income	– ^
中信併購基金管理有限公司 (CITIC Buyout Fund Management Company Limited*)	Subsidiary of a substantial shareholder of Manager[6]	Food & beverages and other hotel income	– ^
華夏基金管理有限公司 (China Asset Management Co., Ltd.*)	Subsidiary of a substantial shareholder of Manager[6]	Food & beverages and other hotel income	11
Bank of China Limited	Associated company of a significant holder[1]	Interest Income	13,948
Bank of China (Hong Kong) Limited	Associated company of a significant holder[1]	Interest Income	32
Hui Xian Asset Management Limited	Manager	Reimbursement of staff cost	1,169
Total			**72,359**

Notes:

1 Significant holder being Hui Xian Cayman.

2 An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown Investment Limited, a significant holder of Hui Xian REIT.

3 This Company was formerly known as Harbour Plaza Chongqing Co. Ltd until 8 March 2017.

4 Trustee being DB Trustees (Hong Kong) Limited.

5 An associate of Dr. Choi Koon Shum, Jonathan, being the independent non-executive director of Hui Xian Asset Management Limited.

6 A subsidiary of CITIC Securities Company Limited, which is a substantial shareholder of the Manager.

7 An associate of Mr. Gong Jianzhong, a director of Hui Xian Cayman, a significant unitholder of Hui Xian REIT.

8 An associate of Mr. Raymond Chow Wai Kam, a director of Hui Xian Cayman, a significant unitholder of Hui Xian REIT.

9 An associate of Mr. Chen Zhong (from 1 January 2017 up to 20 December 2017) and Mr. Kuang Tao (from 20 December 2017 up to 31 December 2017), the directors of Hui Xian Cayman, a significant unitholder of Hui Xian REIT.

10 An associate of Mr. Cheng Hoi Chuen, Vincent, being the independent non-executive director of Hui Xian Asset Management Limited.

11 An associate of Mr. Wang Junhui, a director of Hui Xian Cayman, a significant unitholder of Hui Xian REIT. Mr. Wang Junhui ceased to be a director of Hui Xian Cayman on 10 June 2017.

The terms “associated company”, “controlling entity”, “holding company” and “significant holder” have the same meanings as they are defined under the REIT Code and SFO.

* The English name is shown for identification purpose only.

Previously translated as Chongqing Dongguang Hotel Co., Ltd.

^ Transaction amount is greater than zero and smaller than RMB500.

Connected Party Transactions — Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses for the year ended 31 December 2017:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2017 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder[1]	Property management fee	17,182
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder[1]	Property management fee	20,258
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associated company of a significant holder[1]	Property management fee	24,742
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	Associated company of a significant holder[1]	Property management fee	593
重慶東廣飯店有限公司[3] (Chongqing Oriental Plaza Hotel Co., Ltd.*#)	Associated company of a significant holder[1]	Property management fee	149
CK Assets Holdings Limited	Holding company of a significant holder[1]	Internet services fee	18
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder[1]	Internet services fee	319
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food and Beverages Company Limited Beijing Beverages Branch*)	Associated company of a significant holder[1]	Beverages	405
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder[1]	Cleaning supplies	1,162
重慶東廣飯店有限公司[3] (Chongqing Oriental Plaza Hotel Co., Ltd.*#)	Associated company of a significant holder[1]	Hotel services	54
Harbour Grand Hong Kong Catering Limited	Associated company of a significant holder[1]	Hotel services	146
重慶東廣飯店有限公司[3] (Chongqing Oriental Plaza Hotel Co., Ltd.*#)	Associated company of a significant holder[1]	Leasing expenses	30
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	Associated company of a significant holder[1]	Trademark license fee	30

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2017 RMB'000
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	Associated company of a significant holder[1]	Insurance expense	404
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	Associated company of a significant holder[1]	Insurance expense	1,485
中國人壽財產保險股份有限公司重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	Associated company of a significant holder[1]	Insurance expense	189
CK Asset Holdings Limited	Holding company of a significant holder[1]	Insurance expense	8
CK Asset Holdings Limited	Holding company of a significant holder[1]	Staff related expenses	— ^
Bank of China (Hong Kong) Limited	Associated company of a significant holder[1]	Interest expense	56,252
Bank of China Limited Macau Branch	Associated company of a significant holder[1]	Interest expense	3,202
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder[2]	Interest expense	20,847
Bank of China Limited	Associated company of a significant holder[1]	Bank charges, loan commitment and agency fee	3,352
Bank of China (Hong Kong) Limited	Associated company of a significant holder[1]	Bank charges, loan commitment and agency fee	69
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Property Manager's fee	55,329
Knight Frank Petty Limited[4]	Former Principal Valuer	Valuation fee	160
D&P China (HK) Limited (formerly known as "American Appraisal China Limited")	Principal Valuer	Valuation fee	549
Knight Frank Petty Limited[4]	Former Principal Valuer	Technical due diligence fee	250
Total			**207,184**

Notes:

1. Significant holder being Hui Xian Cayman.

2. An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown Investment Limited, a significant holder of Hui Xian REIT.

3. This Company was formerly known as Harbour Plaza Chongqing Co. Ltd until 8 March 2017.

4. The service charges represent the valuation and technical due diligence services rendered by Knight Frank Petty Ltd. which was the former principal valuer of Hui Xian REIT for the year ended 31 December 2016.

* The English name is shown for identification purpose only.

\# Previously translated as Chongqing Dongguang Hotel Co., Ltd.

^ Transaction amount is greater than zero and smaller than RMB500.

Confirmation by the INEDs and Audit Committee

Audit Committee and the INEDs have confirmed that they have reviewed the terms of all the relevant connected party transactions conducted during the year ended 31 December 2017 and that they are satisfied that these transactions have been entered into:

(a) in the ordinary and usual course of business of Hui Xian REIT;

(b) at arm's length and on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreement and (where applicable) the Manager's internal procedures and controls governing them (if any) on terms that are fair and reasonable and in the interests of the unitholders of Hui Xian REIT as a whole. For those waivers without a fixed renewal period, it is fair and reasonable in the best interest of Unitholders to continue without Unitholders' approval.

Report from the Auditor of Hui Xian REIT

Messrs. Deloitte Touche Tohmatsu, auditor of Hui Xian REIT, was engaged to report on Hui Xian REIT's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions on leasing and licensing transactions, property management arrangements, third party services, insurance transactions and other operational transactions and transactions involving ordinary banking and financial services disclosed by Hui Xian REIT on pages 54 to 63 of this Annual Report in accordance with the relevant waivers from strict compliance with disclosure requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of the auditor's letter will be provided to the SFC.

Terms and Remuneration of Services Provided by the Manager, the Trustee and the Principal Valuer

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the Manager, the Trustee and the principal valuer to Hui Xian REIT as contemplated under the constitutive documents of Hui Xian REIT shall not be deemed connected party transactions. Such services are therefore not disclosed in the above sections. The aggregate amount of fees (in cash and/or units) payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed for the year ended 31 December 2017 were RMB4,206,000 and RMB159,648,000 respectively. Particulars of the services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively to the Consolidated Financial Statements of Hui Xian REIT for the year ended 31 December 2017 on pages 144 to 145 of this Annual Report. For the year ended 31 December 2017, the valuation fee payable to the principal valuer, D&P China (HK) Limited, was RMB549,000.

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 31 December 2017, each of the following persons was a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units of Hui Xian REIT as follows:

	As at 31 December 2017	
Name	No. of Units held	Percentage of Units held[1]
Hui Xian (Cayman Islands) Limited[2]	375,000,000	6.71%
Other subsidiaries of CKAH Holdings Limited[3]	1,597,945,586	28.60%
Subsidiary of Bank of China Limited[4]	0	0%
Subsidiaries of China Life Insurance (Group) Company[5]	791,343,500	14.17%
Subsidiary of Orient Overseas (International) Limited[6]	29,625,000	0.53%
The Hongkong and Shanghai Banking Corporation Limited[7]	2,969,719	0.053%
Subsidiary of CITIC Securities Company Limited[8]	26,412,412	0.47%
Subsidiary of ARA Asset Management Limited[9]	198	0%

Notes:

The terms associated company, connected person, controlling entity and significant holder are as defined in the REIT Code or the SFO.

1. Based on the total number of 5,586,412,489 Units in issue as at 31 December 2017.

2. Hui Xian Cayman, a significant holder of Hui Xian REIT within the meaning of the REIT Code, was a wholly-owned subsidiary of Hui Xian Holdings Limited ("Hui Xian Holdings"), which was a subsidiary of CK Asset Holdings Limited ("CKAH") as at 31 December 2017. Please refer to Hui Xian Holding's deemed interest under the SFO in paragraph 3(i) below.

3. These subsidiaries of CKAH, each being an associate of Hui Xian Cayman, were Noblecrown Investment Limited ("Noblecrown") (held 932,502,239 Units as at 31 December 2017), Wisdom Ally Limited ("Wisdom Ally") (held 137,845,330 Units as at 31 December 2017), Wealth Finder Limited ("Wealth Finder") (held 25,885,272 Units as at 31 December 2017) and Heathcliff Developments Limited ("Heathcliff Developments") (held 501,712,745 Units as at 31 December 2017).

   Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager as at 31 December 2017:

   (i) Hui Xian Holdings was taken to be interested in the Units held by Hui Xian Cayman and Noblecrown was taken to be interested in the Units that Hui Xian Holdings was interested in, as Hui Xian Holdings was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Cayman while Noblecrown was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Holdings;

   (ii) each of CKAH and the intermediate holding companies through which CKAH was interested in the share capital of Noblecrown and Heathcliff Developments (namely, Mighty State Limited, Novel Trend Holdings Limited, Paola Holdings Limited and Burgeon Force Limited) was taken to have an interest in the Units that Noblecrown and Heathcliff Developments were interested in;

   (iii) Noblecrown, of which Wisdom Ally and Wealth Finder were subsidiaries, was taken to have an interest in the Units held by Wisdom Ally and Wealth Finder respectively; and

   (iv) CKAH, in view of its interest in the above intermediate holding companies through which Noblecrown and Heathcliff Developments were held, was taken to have an interest in the Units held by Wisdom Ally and Wealth Finder.

4. The subsidiary being Lucky Star International Holdings Inc., an associated company of Hui Xian Holdings and Hui Xian Cayman.

5. The subsidiaries being Po Lian Enterprises Limited and China Life Insurance (Overseas) Co. Ltd, each of them was an associated company of Hui Xian Holdings and Hui Xian Cayman.

6. The subsidiary being Far Gain Investment Limited, a controlling entity of Hui Xian Holdings.

7. The Hongkong and Shanghai Banking Corporation Limited was an associate of Mr. LI Tzar Kuoi, Victor who was a director of Noblecrown Investment Limited, a significant holder of Hui Xian REIT within the meaning of the REIT Code.

8. The subsidiary being CSI REITs Investment Management Company Limited, a wholly-owned subsidiary of CITIC Securities Company Limited, which owned 40% of the voting power at general meetings of the Manager.

9. The subsidiary being ARA Hui Xian (Holdings) Limited, a wholly-owned subsidiary of ARA Asset Management Holdings PTE Limited, which owned 30% of the voting power at general meetings of the Manager.

Interests of the Manager

As at 31 December 2017, the Manager held 9,397,442 Units in Hui Xian REIT.

Interests of the Directors, Senior Executives and Officers of the Manager

As at 31 December 2017, each of the following persons was a director, senior executive or officer of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Hui Xian REIT as follows:

Name	As at 31 December 2017 Number of Units held
KAM Hing Lam	**831,073**[1]
IP Tak Chuen, Edmond	**1,100,000**[2]
CHEUNG Ling Fung, Tom	**76,118**[3]
TONG BARNES Wai Che, Wendy	**142,856**[4]

Notes:

1. These Units were held by Mr. KAM Hing Lam, chairman and non-executive director of the Manager, as a bare trustee and this is a voluntary disclosure made by Mr. KAM.

2. These Units were held by Mr. IP Tak Chuen, Edmond, non-executive director of the Manager, as beneficial owner.

3. These Units were held by Mr. CHEUNG Ling Fung, Tom, executive director and chief executive officer of the Manager, as beneficial owner.

4. These Units were held by Mrs. TONG BARNES Wai Che, Wendy, deputy chief executive officer of the Manager, as beneficial owner.

Save as disclosed above, the Manager is not aware of any connected persons of Hui Xian REIT holding any units of Hui Xian REIT as at 31 December 2017.

DIRECTORS' BIOGRAPHICAL INFORMATION

KAM Hing Lam, aged 71, is the founding Chairman and Non-executive Director of Hui Xian Asset Management Limited. He is also the founding Chairman of Beijing Oriental Plaza Co., Ltd.

Since the early 1990s, Mr. KAM has overseen the development of Beijing Oriental Plaza from its initial planning, design and construction stages to the company's present state of being one of the leading commercial complexes in Asia. Under Mr. KAM's leadership, Beijing Oriental Plaza now boasts an experienced management team strong in tenant mix planning, lease negotiation as well as marketing and promotion.

Mr. KAM is Deputy Managing Director of CK Hutchison Holdings Limited, an Executive Director, Deputy Managing Director and a Member of Executive Committee of CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited). He possesses extensive experience in the real estate sector in Hong Kong and Mainland China. In Mainland China, beyond Beijing Oriental Plaza, Mr. KAM has considerable involvement with property developments in a number of cities, including Beijing, Shanghai, Chongqing and Chengdu.

Mr. KAM's wide breath of experience in the PRC also extends to his role as the Group Managing Director of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited) ("CKI"). He was instrumental in CKI's listing in 1996, and since then has continued to direct the company's business projects, including those in Mainland China.

In addition, Mr. KAM is the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. Prior to joining the CK Group, Mr. KAM had more than 20 years of experience in a senior and regional capacity at several major US multinational companies.

Except for Beijing Oriental Plaza Co., Ltd. and Hui Xian Asset Management Limited, all the companies mentioned above are listed companies.

Mr. KAM is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also an Honourable Citizen of Shenyang, Jiangmen, Foshan and Nanhai.

CHEUNG Ling Fung, Tom, aged 51, is an Executive Director and the Chief Executive Officer of Hui Xian Asset Management Limited, a member of the Disclosures Committee and a member of the Designated (Finance) Committee. Mr. CHEUNG is also a Responsible Officer of the Manager.

Mr. CHEUNG is the Director and the General Manager of Beijing Oriental Plaza Co., Ltd., the Sino-foreign cooperative joint venture company through which Hui Xian REIT's investment in Beijing Oriental Plaza is held.

Prior to joining Beijing Oriental Plaza Co., Ltd. in 2001, Mr. CHEUNG spent seven years in Shanghai, where, as General Manager, he set up the first Mainland China branch for CBRE. He has over 25 years of experience in real estate, encompassing office, retail and residential properties. Mr. CHEUNG has previously been involved in a number of property developments located throughout Mainland China. He is also a member of Beijing Municipal Dongcheng District Committee of the Chinese People's Political Consultative Conference.

Mr. CHEUNG holds a Bachelor of Business Administration in Finance and a Master's degree in Business Administration.

LEE Chi Kin, Casey, aged 55, currently the Executive Director, the Chief Operating Officer and a Responsible Officer of Hui Xian Asset Management Limited. Mr. LEE had served as the Deputy Chief Operating Officer — Hotel of the Manager since the listing of the units of Hui Xian REIT on The Stock Exchange of Hong Kong Limited in April 2011 prior to his appointment as the Chief Investment Officer of Hui Xian Asset Management Limited in August 2011.

Mr. LEE joined the group of CK Asset Holdings Limited ("CK Asset") (previously known as Cheung Kong Property Holdings Limited) in 1998. His duties include assessing new hotel and related properties development opportunities in China, liaising with local PRC authorities, working with banks in respect of financing and overseeing the operation of various hotels in the group. He is also responsible for the investment in Sofitel Shenyang Lido Hotel (formerly known as Sheraton Shenyang Lido Hotel), which forms part of the Hui Xian REIT group since the beginning of 2012.

Mr. LEE has over 30 years of experience in accounting, hotel management and property development. Prior to joining the group of CK Asset, he worked for various hotel management groups, property investment companies, as well as Coopers and Lybrand. Mr. LEE holds a Bachelor's degree in Social Sciences. He is a fellow member of The Institute of Chartered Accountants in England and Wales, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants. He is also a member of the 12th, 13th and 14th Liaoning Shenyang Committee of the Chinese People's Political Consultative Conference.

LAI Wai Yin, Agnes, aged 50, was appointed an Executive Director of Hui Xian Asset Management Limited on 8 January 2018. She is also the Chief Financial Officer and Responsible Officer of the Manager, and a director of Beijing Oriental Plaza Co., Ltd.. Ms. LAI has worked for Beijing Oriental Plaza Co., Ltd. since she joined the company as Finance Manager in 2000 and has been the Financial Controller of Beijing Oriental Plaza Co., Ltd. since 2008. She has over 28 years of experience in accounting and auditing. Ms. LAI holds a Bachelor's degree in Business Administration. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

IP Tak Chuen, Edmond, aged 65, is a Non-executive Director of Hui Xian Asset Management Limited. Mr. IP is Deputy Managing Director of CK Hutchison Holdings Limited, as well as Deputy Managing Director, an Executive Director and a Member of Executive Committee of CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited). He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited), and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. Mr. IP was previously a Non-executive Director of ARA Asset Management Limited ("ARA", whose shares were withdrawn from listing on 19 April 2017), TOM Group Limited and Shougang Concord International Enterprises Company Limited.

Except for ARA and Hui Xian Asset Management Limited, all the companies mentioned above are listed companies.

Mr. IP holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

LIM Hwee Chiang, aged 61, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is also the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited (whose shares were withdrawn from listing on 19 April 2017) since its establishment. He is also a Non- executive Director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT dual-listed in Singapore and Hong Kong), ARA Trust Management (Suntec) Limited (the manager of Singapore-listed Suntec REIT), ARA Asset Management (Prosperity) Limited (the manager of Hong Kong-listed Prosperity REIT) and ARA-CWT Trust Management (Cache) Limited (the manager of Singapore-listed Cache Logistics Trust). Mr. LIM is also the Chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the Management Council of The Management Corporation Strata Title Plan No. 2197 (Suntec City).

In addition, Mr. LIM is an Independent Director and the Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited, the Chairman of the property management committee of the Singapore Chinese Chamber of Commerce & Industry, the Managing Director of Chinese Chamber Realty Private Limited and a director of The Financial Board of the Singapore Chinese Chamber of Commerce. He is also a Chairman of the Asia Pacific Real Estate Association and the Consultative Committee to the Department of Real Estate, National University of Singapore.

Mr. LIM has more than 30 years of experience in the real estate industry and has received many notable corporate awards. His accolades include the PERE Global Awards 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur of the Year Singapore 2012, Ernst & Young Entrepreneur of the Year — Financial Services 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr. LIM, together with the Board of Directors of ARA Asset Management Limited, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contribution to the community.

Mr. LIM holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

YIN Ke, aged 54, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. Mr YIN resigned all his positions in Hui Xian Asset Management Limited on 8 January 2018. He is the Chief Executive Officer of CITIC Securities International Company Limited. He was (i) an Executive Director of CITIC Securities International Company Limited up to October 2017; (ii) an Executive Director of CITIC Securities Company Limited (a PRC company whose A shares and H shares are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange respectively) up to March 2017; and (iii) a Non-executive Director of CITIC Limited (previously known as CITIC Pacific Limited), a company listed on the Main Board of the Hong Kong Stock Exchange. He is also an External Director of Shandong Heavy Industry Group.

Mr. YIN began his career as an assistant to the Chief Executive Officer of the Shenzhen Stock Exchange. He has previously served as a Non-executive Director of CITIC Dameng Holdings Limited and Dah Chong Hong Holdings Limited, company listed on the Main Board of the Hong Kong Stock Exchange, an Executive Director of Jun An Securities Limited, an Executive Director of Guo Tai Jun An Securities Company Limited, the Executive Director and President of China United Securities Limited, a Director of ACT 360 Solutions Limited, a Director of CCB Principal Asset Management Company Limited, a Director & Deputy Chief Executive Officer of CITIC Capital Holdings Limited and a Director of Zhongxing Shenyang Commercial Building Group Company Limited.

Mr. YIN has extensive investment banking experience in both the PRC and overseas. He is also actively involved in various professional associations including the Securities Association of China and the Securities Association of Shenzhen. He has been a member of the Securities and Futures Commission Advisory Committee since 1 June 2015.

Mr. YIN graduated with a Bachelor's degree in Electrical Engineering and a Master's Degree in Economics from Zhejiang University.

CHENG Hoi Chuen, Vincent, aged 69, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He was the Adviser to the Group Chief Executive of HSBC Holdings plc and is also an Independent Non-executive Director of Great Eagle Holdings Limited, MTR Corporation Limited, CLP Holdings Limited, China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited, Wing Tai Properties Limited and CK Hutchison Holdings Limited, the shares of all of which are listed on The Stock Exchange of Hong Kong Limited. He is the former Chairman of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited. Mr. CHENG was previously an Executive Director of HSBC Holdings plc, a Non-executive Director of HSBC China Dragon Fund and an Independent Non-executive Director of Swire Properties Limited.

Mr. CHENG was the Chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR and the Chairman of the Council of The Chinese University of Hong Kong. He is a member of the Advisory Committee on Post-service Employment of Civil Servants and a Vice-patron of Community Chest of Hong Kong. He was also a member of the National Committee of the 11th Chinese People's Political Consultative Conference ("CPPCC"), and a Senior Adviser to the 11th Beijing Municipal

Committee of the CPPCC. He was the Chairman of the Process Review Panel for the Securities and Futures Commission, Chairman of the Standing Committee on Directorate Salaries and Conditions of Service of the Hong Kong Government, a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Vice-chairman of the China Banking Association.

He was conferred the Doctoral degree of Social Science, honoris causa, by The Chinese University of Hong Kong and the Doctoral degree of Business Administration, honoris causa, by The Open University. Mr. CHENG holds a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master of Philosophy degree in Economics from The University of Auckland, New Zealand.

LEE Chack Fan, aged 72, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is an Academician of Chinese Academy of Engineering and was appointed as the Chancellor of the Chu Hai College of Higher Education on 1 July 2015. He is also an Independent Non-executive Director of The 13 Holdings Limited (formerly known as Louis XIII Holdings Limited). Professor LEE was an Independent Non-executive Director of AID Partners Technology Holdings Limited (previously known as "AID Partners Capital Holdings Limited" and now known as "Healthoo International Technology Holdings Limited") up to 14 August 2017.

Professor LEE is an internationally renowned expert in geotechnical engineering. He served as a consultant and technical adviser to numerous energy and infrastructure projects in China and overseas, including the construction of the Three Gorges Dam of the Yangtze River. He worked for Ontario Hydro in Canada for more than 20 years. He joined the University of Hong Kong in 1994 as a professor of the Department of Civil Engineering, and successively as chair professor of geotechnical engineering, pro-vice-chancellor (vice-president) and director of the School of Professional and Continuing Education. He has also served as a specialist consultant or an advisor to many international bodies such as the United Nations Development Plan, World Bank and Asian Development Bank on numerous energy and infrastructure projects in many parts of the world.

Professor LEE is currently the Chairman of the Hong Kong Institute for Promotion of Chinese Culture, Chairman of Jao Tsung-I Academy, Director of Jao Tsung-I Petite Ecole, University of Hong Kong, the President of the Fu Hui Charity Foundation. He is also a member of the Commission on Strategic Development. Professor LEE was a Chairman of the Harbourfront Enhancement Committee, the Council of the Lord Wilson Heritage Trust, and the Veterinary Surgeons Board. He previously also served as a member of Board of the West Kowloon Cultural District Authority and the Cultural and Heritage Commission.

Professor LEE's eminent achievement in civil engineering has been highly recognised. He was awarded the K Y Lo Medal in 2001 by the Engineering Institute of Canada and was elected the Academician of the Chinese Academy of Engineering in 2003 in recognition of his contributions to the engineering profession. He was appointed as Justice of the Peace by the Hong Kong Government in 2003 and was awarded the Silver Bauhinia Star and Gold Bauhinia Star in 2005 and 2013 respectively.

Professor LEE graduated from The University of Hong Kong with a Bachelor's degree in Civil Engineering and received his Master's degree from The University of Hong Kong and a Doctor of Philosophy degree from The University of Western Ontario, Canada, in the field of geotechnical engineering.

CHOI Koon Shum, Jonathan, aged 60, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is also Chairman of the Sun Wah Group, Chairman of Sunwah International Limited (formerly known as Kingsway International Holdings Limited) (Toronto-listed), Chairman of Sunwah Kingsway Capital Holdings Limited (formerly known as SW Kingsway Capital Holdings Limited) (Hong Kong- listed), Independent Non-executive Director of BOC Hong Kong (Holdings) Limited (Hong Kong-listed), Chairman of VinaCapital, Vietnam, Chairman of the Sun Wah Hi-Tech Group and Chairman of the Sun Wah Media Group. Dr. CHOI has extensive experience in the financial services business, food industry, real estate development, international trade and technology.

Dr. CHOI is a member of the National Committee of the Chinese People's Political Consultative Conference of the PRC and is elected to be the Deputy Director of The Committee of Education, Science, Culture, Health and Sports. He also holds a number of public positions including Chairman of the Hong Kong Chinese General Chamber of Commerce, Standing Committee Member of the All-China Federation of Industry and Commerce, an Economic Advisor to the President of the Chinese Academy of Sciences, a Council Member of the Hong Kong Trade Development Council, Chairman of the Hong Kong-Vietnam Chamber of Commerce, Chairman of the China-India Software Association, Chairman of the China Hong Kong Israel Technology Cooperation and Promotion Center, Founding Chairman of the Hong Kong-Korea Business Council and Founding Patron and Senior Advisor to the President of the Academy of Sciences of Hong Kong. In 2015, Dr. CHOI has been appointed as Honorary Ambassador of Foreign Investment Promotion for Korea by Korean Government and Hong Kong, China's representative of APEC Business Advisory Council by the Chief Executive of HKSAR respectively. Dr. CHOI is also a Court/Council Member of a number of universities including United College of The Chinese University of Hong Kong, The Hong Kong University of Science and Technology, The Hong Kong Polytechnic University, the University of Macau, Fudan University, Nanjing University and Northeastern University in Liaoning.

Dr. CHOI is a Justice of Peace and has been awarded the Bronze Bauhinia Star and Gold Bauhinia Star by the Hong Kong SAR Government. In 2015, he was conferred 'Friendship Order' by Vietnam Government. He has also received the World Outstanding Chinese Award granted by the United World Chinese Association and is an Honorary Citizen or Advisor of Guangzhou, Shenyang, Wuhan, Jinggangshan, Zhongshan and Changjiajie.

In 2005, Dr. CHOI was conferred the Honorary Doctor of Humanities by the Michigan State University in the United States. He became a University Fellow of The Hong Kong Polytechnic University in 2007. He was also conferred Honorary Professor by The University of Glamorgan in the United Kingdom in 2009, the Honorary Doctor of Social Sciences by Lingnan University in Hong Kong in October 2011, the Honorary Doctor of the Vietnam National University, Hanoi, in 2013, the Honorary Doctor of Business Administration by De Montfort University in United Kingdom in July 2014 and the Honorary Doctor of Laws Degree by The University of Alberta in October 2015.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

TONG BARNES Wai Che, Wendy is the Deputy Chief Executive Officer of Hui Xian Asset Management Limited ("the Manager"). She is the Chief Corporate Affairs Officer of CK Asset Holdings Limited, CK Infrastructure Holdings Limited, and CK Life Sciences Int'l., (Holdings) Inc. She is also a Board Member of The Community Chest of Hong Kong. Mrs. BARNES has been working on the Beijing Oriental Plaza project since the 1990s during the pre-leasing and pre-opening phase. She holds a Bachelor's degree in Business Administration.

FONG Chi Lam, Jasmine is the Chief Compliance Officer of the Manager. Ms. FONG is also the Senior Legal Manager of CK Infrastructure Holdings Limited. She has over 20 years of experience in legal and regulatory compliance, mergers and acquisitions, as well as project structuring and financing areas. Ms. FONG was qualified as a solicitor of the High Court of Hong Kong in 1997.

CHING Sung, Eric is the Deputy Chief Investment Officer and Responsible Officer of the Manager. Prior to joining the Manager, Mr. CHING worked in CK Life Sciences Int'l., (Holdings) Inc. and CK Infrastructure Holdings Limited. Mr. CHING has over 33 years of experience in banking, finance and mergers & acquisitions. He holds a Master's degree in Management.

TANG Hiu Tung, Daisy is the Senior Corporate Finance and Corporate Development Manager and Responsible Officer of the Manager. Ms. TANG has over 17 years of experience in investor relations, corporate finance and marketing communications with a career that spans the finance, property, exhibition and convention, and automotive industries. She holds a Master's Degree in Marketing.

TSE Chun Wai, Richard is the Internal Audit Manager of the Manager. He is also the Senior Manager, Internal Audit Department of CK Asset Holdings Limited. He has over 26 years of experience in auditing. Mr. TSE holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management, a Master of Science degree in Investment Management, a Master of Laws degree in Common Law and a Juris Doctor Degree. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants, and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.

VALUATION REPORT

March 2, 2018

Hui Xian Asset Management Limited
Unit 303, 3/F
Cheung Kong Center
2 Queen's Road Central
Hong Kong

DB Trustees (Hong Kong) Limited
52/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Our Ref.: 17/75920A

Dear Sirs,

In accordance with the instructions from Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Values of the property interest of Oriental Plaza, located at No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Beijing Oriental Plaza Company Limited (北京東方廣場有限公司)("BOP").

D&P China (HK) Limited ("D&P") has determined the market values in its existing state of the Property as of December 31, 2017 (the "valuation date").

This letter, which forms part of our report, identifies the Property, the scope and character of our investigation, the premise of value adopted, the methodology applied, and our conclusion. It is our understanding that this appraisal will be used for your financial reporting purposes.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "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 and 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 METHODOLOGY

We have valued the Property with reference to the tenancy schedules and hotel operating statement provided to us by BOP and, where appropriate, by reference to sales evidence as available on the market.

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties. In the course of our valuation, we have considered various valuation methodologies and have principally adopted the Income Capitalization Approach and cross-checked by the Direct Comparison Approach. For the purpose of this valuation, we consider that the Income Capitalization Approach is a reasonable, and the appropriate, valuation methodology to adopt for assessing the market value of the Property. It is particularly relevant for the valuation of well established income-producing properties that can be expected to have relatively stabilized income streams in the future as it can reflect prevailing economic and investment market conditions, the existing tenancy profile (including, without limitation, the existing rental income and occupancy level, tenancy commencement and expiry profiles, and tenancy duration) and the period of the unexpired term of the land use rights of the Property.

The Income Capitalization Approach is a valuation method commonly applied for investment properties. The rental income derived from the existing tenancies are capitalized for their respective unexpired terms of the contractual tenancies while vacant units are assumed to be let at their respective market rents at the date of valuation. Upon expiry of the existing tenancies, each unit is assumed to be let at its current market rent as at the date of valuation, which is then capitalized for the remaining term of the land use rights of the Property. The sum of the capitalized value of the term income, the reversionary income as appropriately deferred and the vacant units provides the market value of the Property.

The key value drivers of the Income Capitalization Approach are the market rent and the capitalization rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalization rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalization rates are applied to capitalize the rental income generated for the unexpired term of the land use rights of the property until April 2049. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

For the hotel portion of the Property, we have capitalised the income generated from operating the hotel after deducting the operating and non-operating expenses. The income and expenses are estimated with regard to the latest hotel operating results and the budget provided by the Company and the changes in market conditions

For cross-checking purposes, we have also adopted the Direct Comparison Approach by making reference to comparable sales evidence of properties with similar characteristics as available in the relevant market. There is, however, a lack of en-bloc transactions in the vicinity. Comparison can only be made with reference to individual strata-title property transactions in the locality.

TITLE DOCUMENTS

We have been provided with copies of documents in relation to the title of the property interest situated in the PRC. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interest set out in this letter and valuation certificates.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interest on the market in their existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interest. In addition, no forced sale situation in any matter is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interest described and that no encroachment or trespass exists unless noted in the valuation certificates.

We have assumed that the owner of the property interest has free and uninterrupted rights to use, lease, sell or mortgage the property interest for the whole of the unexpired term of its land use rights. We have also assumed that the property interest are freely disposable and transferable in the market to both local and overseas purchasers for the whole of the unexpired terms as granted without any fees or charge incurred unless otherwise stated.

Other special assumptions and qualifications for each portion of the Property, if any, have been stated in the footnotes of the valuation certificates for the Property.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, particulars of occupancy, site areas and floor areas and all other relevant matters. We have not carried out on-site measurements to verify the areas of the Property and assume the areas contained in the documents provided to us are correct.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We have also been advised that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the Property, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory.

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Our valuation is prepared in accordance with Chapter 6.8 of the Code of Real Estate Investment Trust (the "REIT Code") issued by the Securities and Futures Commission and the "HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors. 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. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

We have not investigated the title to or any liabilities against the property interest appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the values reported. Pursuant to Chapter 6.5 of the REIT Code, we confirm that we are independent to Hui Xian Real Estate Investment Trust, DB Trustees (Hong Kong) Limited, and each of the significant holders of Hui Xian Real Estate Investment Trust.

We enclose herewith our valuation certificates and market overview.

Yours faithfully,
For and on behalf of
D&P China (HK) Limited

Calvin K.C. Chan
MRICS, MHKIS, RPS (GP), MCIREA, CFA
Real Estate Valuation Group
Director

Note: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

EXECUTIVE SUMMARY

Property: The Property consists of retail, office, serviced apartment, hotel and basement portions of Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China (中華人民共和國北京市東城區東長安街1號東方廣場之商場，寫字樓，公寓，酒店及地庫)

Description: Retail portion comprises potion of podium level, 1-upper ground level, 1-lower ground level and portion of basement P1 level. Office portion comprises 5 blocks of 12-storey office towers and 3 blocks of 18-storey office towers. The serviced apartment portion comprises a block of 21-storey tower and 2 blocks of 14-storey towers. The Hotel portion comprises a 24-storey tower. The basement portion comprises car park and storage spaces.

Site Area: 109,924.1 sq.m. *(Note 1)*

Note 1: The site area of Oriental Plaza is of 77,594.81 square metres under the relevant State-owned Land Use Certificate below and the planned land use area of the Property is of 109,924.1 square metres under the relevant Appendix of Construction Land Use Planning Permit below.

Registered Owner: Beijing Oriental Plaza Company Limited (北京東方廣場有限公司) ("BOP")

Gross Floor Area: According to the information provided by BOP, the breakdown of gross floor area ("GFA") is as follow:

Uses	GFA *(sq.m.) (approx.)*
Retail	131,344
Office	309,768
Serviced Apartment	95,601
Hotel	110,057
Basement Levels	116,712 *(Note 2)*
Total:	**763,482**

Note 2: The above GFA of the basement does not include the area of civil defense shelter.

Lettable Area: According to the information provided by BOP, the breakdown of lettable area is as follows:

Uses	Lettable Area *(sq.m.) (approx.)*
Retail	72,620
Office	300,397
Serviced Apartment	92,834
Total:	**465,851**

The area schedule tabulated above is exclusive of car parking spaces.

State-owned Land Use Certificate:	Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用(2006出)第10128號)
Building Ownership Certificate:	Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號)
Appendix of Construction Land Use Planning Permit:	2000-Gui Di Zi-0008 (2000-規地字-0008)
Valuation Date:	December 31, 2017
Valuation Methodology:	Income Capitalization Approach, Discounted Cash Flow and Direct Comparison Approach
Market Value in Existing State:	

Uses	**Market Value in Existing State** *(RMB)*
Retail	14,370,000,000
Office	14,894,000,000
Serviced Apartment	2,560,000,000
Hotel	3,130,000,000
Basement	287,000,000
Total:	**35,241,000,000**

The Property mainly comprises retail, office, apartment, hotel and basement (levels P1 to P4) of Oriental Plaza, Beijing. In the following sections, each portion of the Property is described separately in details.

VALUATION CERTIFICATE

Retail Portion — The Shopping Mall

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The retail portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	The Property is a comprehensive development comprising of a shopping mall, eight office towers, three serviced apartment towers, a hotel and about 1,900 car parking spaces in basement levels. The retail portion was completed in 2000. The retail portion mainly comprises portion of podium level, 1-upper ground level, 1-lower ground level and portion of the basement P1 level with a total gross floor area of approximately 131,344 square metres. The total lettable area is approximately 72,620.42 square metres. The retail portion is held by BOP for a term to be expired on April 21, 2049.	According to the tenancy schedule dated December 31, 2017 provided to us, the retail portion of the Property is let under various tenancies for various terms with the latest expiring on March 31, 2024, yielding a total monthly rental income of RMB77,348,096 exclusive of management fee and value-added tax. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents. Various advertising spaces are let under various agreements yielding an average monthly income of approximately RMB875,000 from January 2017 to December 2017. The occupancy rate of the retail portion of the Property as at valuation date was about 96.1%.	14,370,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用 (2006出) 第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.

2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, in which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.

3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings with gross floor area of 763,480.35 square metres are held by BOP.

4. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

5. The rentals reported herein are contractual rentals without taking into account rent free periods and turnover rent, if any. The average monthly turnover rent income is approximately RMB382,000 in 2017.

6. Based on the tenancy information provided by BOP, our analysis of the existing tenancy profile (excluding advertising spaces and turnover rent) is set out below:

Occupancy Profile

Type	Lettable Area *(sq.m.) (approx.)*	% of total
Leased	69,804	96.1%
Vacant	2,816	3.9%
Total	**72,620**	**100.0%**

Tenancy Commencement Profile (excluding rental income from turnover)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2012	0	0.00	169,687	0.22	0	0.00
2013	1,089	1.56	1,065,415	1.38	4	1.28
2014	5,977	8.56	3,413,345	4.41	12	3.84
2015	17,716	25.38	18,443,067	23.84	69	22.12
2016	22,812	32.68	27,032,818	34.95	113	36.22
2017	20,606	29.52	27,223,764	35.20	107	34.30
2018	1,604	2.30	—	0.00	7	2.24
Total	**69,804**	**100.00**	**77,348,096**	**100.00**	**312**	**100.00**

Tenancy Expiry Profile (excluding rental income from turnover)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2017	1,773	2.54	2,890,670	3.74	14	4.49
2018	10,969	15.70	17,143,875	22.16	86	27.56
2019	14,998	21.49	20,201,966	26.12	79	25.32
2020	17,000	24.35	23,444,749	30.31	90	28.85
2021	10,155	14.55	7,355,606	9.51	23	7.37
2022	5,911	8.47	3,274,750	4.23	10	3.21
2023	6,328	9.07	2,759,451	3.57	8	2.56
2024	2,670	3.83	277,029	0.36	2	0.64
Total	**69,804**	**100.00**	**77,348,096**	**100.00**	**312**	**100.00**

Tenancy Duration Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
Up to 1 year	911	1.31	2,286,939	2.96	6	1.92
More than 1 year and up to 2 years	3,716	5.32	5,890,147	7.62	31	9.94
More than 2 years and up to 3 years	24,213	34.69	40,854,795	52.82	181	58.01
More than 3 years and up to 4 years	2,453	3.51	3,166,320	4.09	19	6.09
More than 4 years and up to 5 years	21,209	30.38	18,203,162	23.53	53	16.99
More than 5 years and up to 6 years	10,531	15.09	6,005,498	7.76	17	5.45
More than 6 years and up to 7 years	603	0.86	76,397	0.10	2	0.64
More than 7 years and up to 8 years	6,168	8.84	864,838	1.12	3	0.96
More than 8 years and up to 9 years	—	0.00	—	0.00	—	0.00
More than 9 years and up to 10 years	—	0.00	—	0.00	—	0.00
More than 10 years	—	0.00	—	0.00	—	0.00
Total	**69,804**	**100.00**	**77,348,096**	**100.00**	**312**	**100.00**

* As at the date of valuation, there are 312 tenancies (total leased rentable area of about 69,804 square metres), in which 305 tenancies (about 68,200 square metres) are with lease terms already commenced and 7 tenancies (about 1,604 square metres) is with lease terms not yet commenced.

7. We have prepared our valuation based on the following assumptions:

a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Office Portion — East Office Towers, West Office Towers and Central Office Towers

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The office portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	The Property is a comprehensive development comprising of a shopping mall, eight office towers, three serviced apartment towers, a hotel and about 1,900 car parking spaces in basement levels. The office portion was completed in between 2000 and 2001. The office portion comprises five blocks of 12-storey office towers and three blocks of 18-storey office towers with a total gross floor area of approximately 309,768 square metres. The lettable areas of office portion is 300,397 square metres. The office portion is held by BOP for a term to be expired on April 21, 2049.	According to the tenancy schedule dated December 31, 2017 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring on August 31, 2024, yielding a total monthly rental income of RMB84,105,462 exclusive of management fee and value-added tax. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents. Various naming rights are let under monthly basis, yielding an average monthly rental of approximately RMB237,000 in the 2017. The total occupancy rate of the office portion of the Property as at valuation date was about 95.88%.	14,894,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用 (2006出) 第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.

2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.

3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.

4. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

5. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.

6. Based on the tenancy information provided by BOP, our analysis of the existing tenancy profile (excluding naming rights) is set out below:

Occupancy Profile

Type	Lettable Area *(sq.m.) (approx.)*	% of total
Leased	288,023	95.88
Owner-occupied	2,419	0.81
Vacant	9,955	3.31
Total	**300,397**	**100.00**

Tenancy Commencement Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2013	2,604	0.90	776,400	0.92	4	0.73
2014	22,595	7.85	5,363,117	6.38	27	4.92
2015	73,471	25.51	20,345,396	24.19	107	19.49
2016	94,802	32.91	27,995,242	33.29	192	34.97
2017	92,475	32.11	29,625,307	35.22	214	38.98
2018	2,076	0.72	0	0.00	5	0.91
Total	**288,023**	**100.00**	**84,105,462**	**100.00**	**549**	**100.00**

Tenancy Expiry Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2017	9,754	3.39	2,610,980	3.10	12	2.19
2018	68,049	23.63	21,643,039	25.73	165	30.05
2019	103,141	35.80	31,259,443	37.17	241	43.90
2020	67,876	23.57	19,169,912	22.79	103	18.76
2021	2,698	0.94	232,366	0.28	6	1.09
2022	33,473	11.61	8,338,371	9.91	18	3.28
2023	2,843	0.99	795,690	0.95	3	0.55
2024	189	0.07	55,661	0.07	1	0.18
Total	**288,023**	**100.00**	**84,105,462**	**100.00**	**549**	**100.00**

Tenancy Duration Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
Up to 1 year	5,518	1.92	1,896,863	2.26	6	1.09
More than 1 year and up to 2 years	47,738	16.57	14,942,191	17.77	125	22.77
More than 2 years and up to 3 years	125,650	43.62	39,409,409	46.86	293	53.37
More than 3 years and up to 4 years	24,652	8.56	7,700,103	9.16	68	12.39
More than 4 years and up to 5 years	51,628	17.92	12,212,001	14.52	39	7.10
More than 5 years and up to 6 years	7,367	2.56	2,111,918	2.50	9	1.64
More than 6 years and up to 7 years	24,617	8.55	5,577,077	6.63	8	1.46
More than 7 years and up to 8 years	—	0.00	—	0.00	—	0.00
More than 8 years and up to 9 years	—	0.00	—	0.00	—	0.00
More than 9 years and up to 10 years	853	0.30	255,900	0.30	1	0.18
More than 10 years	—	0.00	—	0.00	—	0.00
Total	**288,023**	**100.00**	**84,105,462**	**100.00**	**549**	**100.00**

* As at the date of valuation, the total monthly income includes the monthly rental receivable from tenancies with lease terms already commenced and excluded the monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB656,000 per month.

** As at the date of valuation, there are 549 tenancies, in which 544 tenancies are with lease terms already commenced and 5 tenancies are with lease terms not yet commenced.

7. We have noted from the market the strata-title transactions and asking office properties with details as follows:

Property	Location	Completion Date	Type of Transaction	Offer Date	Asking Price *(RMB/sq.m.) (GFA)*
Nanyin Building	35 Xiaoyun Road	2002	Asking	Dec 2017	50,000
Guanghua Changan Building	7 Jiannei Avenue	1996	Asking	Dec 2017	47,000
Henderson Centre	18 Jiannei Avenue	1997	Asking	Dec 2017	42,400

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

8. We have prepared our valuation based on the following assumptions:

a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Serviced Apartment Portion

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The serviced apartment portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	The Property is a comprehensive development comprising of a shopping mall, eight office towers, three serviced apartment towers, a hotel and about 1,900 car parking spaces in basement levels. The serviced apartment portion was completed in between 2002 and 2004. The serviced apartment portion comprises of a 21-storey serviced apartment tower and two 14-storey serviced apartment towers with a total gross floor area of approximately 95,601 square metres. The lettable areas of apartment portion is 92,833.78 square metres. The serviced apartment portion is held by BOP for a term to be expired on April 21, 2049.	According to the tenancy schedule dated December 31, 2017 provided to us, this portion of the Property is let under various tenancies for various terms with the latest expiring on December 31, 2020, yielding a total monthly rental income of RMB10,017,834 exclusive of management fee and value-added tax. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the market rents. The total occupancy rate of the office portion of the Property as at valuation date was about 98.01%.	2,560,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用 (2006出) 第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.

2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.

3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.

4. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

5. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.

6. Based on the tenancy information provided by BOP, our analysis of the existing tenancy profile (excluding naming rights) is set out below:

Occupancy Profile

Type	Lettable Area *(sq.m.) (approx.)*	% of total
Leased	90,989	98.01
Owner-occupied	985	1.06
Vacant	860	0.93
Total	**92,834**	**100.00**

Tenancy Commencement Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2016	4,003	4.40	473,428	4.73	26	3.68
2017	86,064	94.59	9,544,406	95.27	673	95.19
2018	922	1.01	0	0.00	8	1.13
Total	**90,989**	**100.00**	**10,017,834**	**100.00**	**707**	**100.00**

Tenancy Expiry Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2017	3,638	4.00	462,163	4.61	26	3.68
2018	81,520	89.59	8,921,409	89.06	637	90.10
2019	5,831	6.41	634,262	6.33	44	6.22
Total	**90,989**	**100.00**	**10,017,834**	**100.00**	**707**	**100.00**

Tenancy Duration Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
Up to 1 year	76,186	83.73	8,368,358	83.53	604	85.43
More than 1 year and up to 2 years	14,597	16.04	1,624,492	16.22	101	14.29
More than 2 years and up to 3 years	206	0.23	24,984	0.25	2	0.28
Total	**90,989**	**100.00**	**10,017,834**	**100.00**	**707**	**100.00**

* As at the date of valuation, the total monthly income includes the monthly rental receivable from tenancies with lease terms already commenced and excluded the monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB125,000 per month.

** As at the date of valuation, there are 707 tenancies, in which 699 tenancies are with lease terms already commenced and 8 tenancies are with lease terms not yet commenced.

7. We have prepared our valuation based on the following assumptions:

   a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

   b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

   c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Hotel Portion

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The hotel portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	The Property is a comprehensive development comprising of a shopping mall, eight office towers, three serviced apartment towers, a hotel and about 1,900 car parking spaces in basement levels. The hotel portion was completed in 2001. The hotel portion is a 5-star hotel comprising one 24-storey tower including four basement levels with a total gross floor area of approximately 110,057 square metres. The hotel has a total of 718 guest rooms (including a split-level Presidential Suite and 717 guest rooms), food and beverage outlets, a business centre, a fitness centre with indoor swimming pool, meeting rooms, function rooms and ballrooms. The hotel portion is held by BOP for a term to be expired on April 21, 2049.	The hotel portion of the Property is currently operated under the brand name of Grand Hyatt Beijing. The average occupancy rate of the hotel portion for the year ended December 31, 2017 was about 73.4%.	3,130,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用 (2006出) 第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.

2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.

3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.

4. We have prepared our valuation based on the following assumptions:

   a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

   b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

   c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Basement Portion — Car Parking Spaces

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The basement portion (car park spaces) of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	The Property is a comprehensive development comprising of a shopping mall, eight office towers, three serviced apartment towers, a hotel and about 1,900 car parking spaces in basement levels. The basement portion was completed in 2000. The basement portion has a total gross floor area of approximately 116,712 square metres (excluding civil defense shelter area). The total number of parking spaces is approximately 1,900 carpark spaces, including loading and unloading spaces. The basement portion is held by BOP for a term to be expired on April 21, 2049.	According to the tenancy schedule dated December 31, 2017 provided to us, the car park spaces are let under various licenses on monthly and hourly basis yielding an average monthly income of RMB1,999,326 exclusive of management fee and value-added tax.	287,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用 (2006出) 第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.

2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.

3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.

4. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

5. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.

6. We have prepared our valuation based on the following assumptions:

   a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

   b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

   c) The Property is not subject to any encumbrances, litigations or disputes.

MARKET OVERVIEW

Beijing is the capital city of China, it is located at the northern side of PRC. It covers an area of approximately 16,000 square kilometres and has a population of approximately 21.7 million.

Beijing Retail Market

In Q3 2017, there was no new supply of retail mall. The dates of opening of some projects have been adjusted. Guiyou Department Store near CBD was closed for renovation. It is set to open as a "mini shopping centre". The current supply of retail spaces remains low. However, it is expected that 5 projects are scheduled for completion in the next coming six months. Additional space of 336,000 square metres will be put in the market.

The demand has remained active in Q3 2017, especially for prime retail space. The demand for retail spaces is mainly driven by F&B, fashion, sportswear, lifestyle and children's related sectors.

The average market rent of retail space in Beijing tends to be stable. Due to low supply, the vacancy rate has decreased. Because of the decrease in vacancy rate and the increase in the demand, it is expected that the market rent will slightly increase by 0.7% q-o-q.

Beijing Office Market

In Q3, two new buildings in Chongwenmen and Olympic Park were completed. Total GFA of about 105,000 square metres has entered to market. Total stock has gone up by 1.7% q-o-q to 6.32 million square metres. The current new supply was mainly located in sub-market. In CBD, the landlords were still facing the challenges of tenant downsizing and relocation. Certain landlords have filled in their vacant space by offering rental discounts to retain and attract tenants. As a result, the vacancy rate in CBD slightly decreased by 0.2% q-o-q.

The demand for Grade A office space remained stable. Although the new supply has pushed up the vacancy rate, it helped to release the suppressed leasing demand from expansion and relocation. The leasing demand from the professional services, IT and real estate sectors was still active.

In Beijing, the leasing demand for office space remains stable due to firm economic conditions. In 2018, several projects are expected to be completed and put in the market. For 2018–2020, an average annual new supply is expected to be about 700,000 square metres. As such, the expected vacancy rate will rise with the decline in market rent.

Beijing Serviced Apartment Market

One new serviced apartment project, Ascott Riverside Garden, was launched in Q3 2017. The apartment provides 190 units. However, the supply of serviced apartment is still limited. It is expected that number of self-operated apartment brands by renowned developers will enter the Beijing market. Some developers may partner through joint ventures or mergers and acquisitions.

The demand for serviced apartment is strong as tenants tend to look for comfort places for living. The occupancy rate increased by 0.4% q-o-q to 87.1% in Q3 2017; and the market rent is has increased by 2.7% q-o-q to RMB223 per sq.m per month.

Due to the high demand and low supply, the rent and occupancy rate of serviced apartments will further drive up. In Q3 2017, the Beijing authorities announced that a new house rental policy would be put into effect on October 31, 2017. The regulations was to increase the supply of rental housing to ease the demand.

Beijing Hotel Market

In the first three quarters of 2017, 3 international branded hotels opened in Beijing. They included 450-room Hotel Jen, 119-room Bvlgari Hotel Beijing and 220-room Pan Pacific Beijing. In 2018, it is expected to have more rooms.

From the demand side, total visitor arrivals to Beijing declined by 5.8% y-o-y to 2.2 million as at July 2017. The decline was mainly due to the decrease in the Korean visitors. However, the 144-hour visa exemption policy may increase the number of visitors. As of Q3 2017, the occupancy rate, Average Daily Rates and Revenue Per Available Room for upscale hotels have increased by 4.1%, 0.7% and 4.8%, respectively.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or value presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

March 1, 2018

Hui Xian Asset Management Limited
Unit 303, 3/F
Cheung Kong Center
2 Queen's Road Central
Hong Kong

DB Trustees (Hong Kong) Limited
52/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Our Ref.: 17/75920B

Dear Sirs,

In accordance with the instructions from Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Values of the property interest of Metropolitan Oriental Plaza, located at No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP").

D&P China (HK) Limited ("D&P") has determined the market values in its existing state of the Property as of December 31, 2017 (the "valuation date").

This letter, which forms part of our report, identifies the Property, the scope and character of our investigation, the premise of value adopted, the methodology applied, and our conclusion. It is our understanding that this appraisal will be used for your financial reporting purposes.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "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 and 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 METHODOLOGY

We have valued the Property with reference to the tenancy schedules and hotel operating statement provided to us by Chongqing Metropolitan Oriental Plaza Co., Ltd. and, where appropriate, by reference to sales evidence as available on the market.

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties. In the course of our valuation, we have considered various valuation methodologies and have principally adopted the Income Capitalization Approach and cross-checked by the Direct Comparison Approach. For the purpose of this valuation, we consider that the Income Capitalization Approach is a reasonable, and the appropriate, valuation methodology to adopt for assessing the market value of the Property. It is particularly relevant for the valuation of well established income-producing properties that can be expected to have relatively stabilized income streams in the future as it can reflect prevailing economic and investment market conditions, the existing tenancy profile (including, without limitation, the existing rental income and occupancy level, tenancy commencement and expiry profiles, and tenancy duration) and the period of the unexpired term of the land use rights of the Property.

The Income Capitalization Approach is a valuation method commonly applied for investment properties. The rental income derived from the existing tenancies are capitalized for their respective unexpired terms of the contractual tenancies while vacant units are assumed to be let at their respective market rents at the date of valuation. Upon expiry of the existing tenancies, each unit is assumed to be let at its current market rent as at the date of valuation, which is then capitalized for the remaining term of the land use rights of the Property. The sum of the capitalized value of the term income, the reversionary income as appropriately deferred and the vacant units provides the market value of the Property.

The key value drivers of the Income Capitalization Approach are the market rent and the capitalization rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalization rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalization rates are applied to capitalize the rental income generated for the unexpired term of the land use rights of the property until August 2044. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

For cross-checking purposes, we have also adopted the Direct Comparison Approach by making reference to comparable sales evidence of properties with similar characteristics as available in the relevant market. There is, however, a lack of en-bloc transactions in the vicinity. Comparison can only be made with reference to individual strata-title property transactions in the locality.

TITLE DOCUMENTS

We have been provided with copies of documents in relation to the title of the property interest situated in the PRC. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interest set out in this letter and valuation certificates.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interest on the market in their existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interest. In addition, no forced sale situation in any matter is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interest described and that no encroachment or trespass exists unless noted in the valuation certificates.

We have assumed that the owner of the property interest has free and uninterrupted rights to use, lease, sell or mortgage the property interest for the whole of the unexpired term of its land use rights. We have also assumed that the property interest are freely disposable and transferable in the market to both local and overseas purchasers for the whole of the unexpired terms as granted without any fees or charge incurred unless otherwise stated.

Other special assumptions and qualifications for each portion of the Property, if any, have been stated in the footnotes of the valuation certificates for the Property.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, particulars of occupancy, site areas and floor areas and all other relevant matters. We have not carried out on-site measurements to verify the areas of the Property and assume the areas contained in the documents provided to us are correct.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We have also been advised that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the Property, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory.

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Our valuation is prepared in accordance with Chapter 6.8 of the Code of Real Estate Investment Trust (the "REIT Code") issued by the Securities and Futures Commission and the "HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors. 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. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

We have not investigated the title to or any liabilities against the property interest appraised.

We hereby certify that we have neither present nor prospective interest in the Company or the values reported. Pursuant to Chapter 6.5 of the REIT Code, we confirm that we are independent to Hui Xian Real Estate Investment Trust, DB Trustees (Hong Kong) Limited, and each of the significant holders of Hui Xian Real Estate Investment Trust.

We enclose herewith our valuation certificates and market overview.

Yours faithfully,
For and on behalf of
D&P China (HK) Limited

Calvin K.C. Chan
MRICS, MHKIS, RPS (GP), MCIREA, CFA
Real Estate Valuation Group
Director

Note: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

EXECUTIVE SUMMARY

Property: Metropolitan Oriental Plaza, No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (中華人民共和國重慶市渝中區鄒容路68號大都會東方廣場)

Description: The Property is a large-scale composite development comprising retail, office and car park spaces. The retail portion consists of 8 levels above-ground, a mezzanine level, a lower ground level and portion of basement level 1. The office portion is a 37-storey office tower. The car park spaces are located at the basement levels.

Site Area: 18,072.70 sq.m.

Registered Owner: Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司)

Gross Floor Area: According to the information provided by COP, the breakdown of gross floor area ("GFA") is as follow:

Uses	**GFA** *(sq.m.)*
Retail	88,919.18
Office	54,617.37
Basement	20,823.28
Total:	**164,359.83**

Lettable Area: According to the information provided by COP, the breakdown of lettable area is as follows:

Uses	**Lettable Area** *(sq.m.) (approx.)*
Retail	57,254
Office	50,505
Total:	**107,759**

The area schedule tabulated above is exclusive of the provided 370 car park spaces.

Real Estate Title Certificate: 101 Fang Di Zheng 2015 Zi No. 24819 (101房地證2015字第24819號)

101 Fang Di Zheng 2015 Zi No. 24971 (101房地證2015字第24971號)

Valuation Date: December 31, 2017

Valuation Methodology: Income Capitalization Approach and Direct Comparison Approach

Market Value in Existing State:

Uses	**Market Value in Existing State** *(RMB)*
Retail	2,730,000,000
Office	921,000,000
Basement (Car Park Spaces)	41,000,000
Total:	**3,692,000,000**

The Property mainly comprises retail, office, and carpark portions of Metropolitan Oriental Plaza, Chongqing. In the following sections, each portion of the Property is described separately in details.

VALUATION CERTIFICATE

Retail Portion — The Shopping Mall

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The retail portion of the Property No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	The Property is a large-scale composite development erected on a parcel of land with a site area of approximately 18,073 square metres. It comprises retail, office and car park spaces. The office portion is erected upon the retail podium. The retail portion of the Property was completed in 1997 while the office portion of the Property was completed in 1998. The retail portion of the Property comprises 8 levels above-ground, a mezzanine level between levels 7 and 8, a lower ground level and portion of basement level 1 with a total gross floor area and a total lettable area of 88,919 square metres and 57,254.10 square metres respectively. The retail portion is held by Chongqing Metropolitan Oriental Plaza Co. Ltd. for a term to be expired on August 30, 2044.	According to the tenancy schedule dated December 31, 2017 provided to us, the retail portion of the Property is let under various tenancies for various terms with the latest expiring on July 21, 2031, yielding a total monthly rental income of about RMB6,759,458 inclusive of management fee. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents. The leased retail portion as at valuation date was 69.9% while the owner-occupied retail portion of the Property was 11.1%.	2,730,000,000

Notes:

1. Pursuant to the Real Estate Certificate No. 101 Fang Di Zheng 2015 Zi No. 24971 (101房地證2015字第24971號) issued by the Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated December 11, 2015, the building ownership of the Property with a gross floor area of 109,742.46 square metres and the land use right with a site area of 18,072.7 square metres are held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP") for a land use term expiring on August 30, 2044 for commercial use.

2. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

3. The rental reported herein are contractual rentals without taking into account rent free periods, turnover rent and other incomes, if any. The average monthly turnover rent income is approximately RMB451,300 in 2017. The annual other income is approximately RMB809,600 in 2017.

4. Based on the tenancy information provided by COP, our analysis of the existing tenancy profile (excluding advertising spaces) is set out below:

Occupancy Profile

Type	Lettable Area *(sq.m.) (approx.)*	% of total
Leased	40,046	69.9%
Owner-occupied	6,345	11.1%
Vacant	10,863	19.0%
Total	**57,254**	**100.0%**

Tenancy Commencement Profile (excluding rental income from turnover rent & owner-occupied portion)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2013	442	1.10	65,981	0.97	1	1.47
2014	—	0.00	—	0.00	—	0.00
2015	780	1.95	422,624	6.25	7	10.29
2016	31,369	78.33	5,351,809	79.18	12	17.65
2017	6,410	16.01	919,044	13.60	41	60.30
2018	1,045	2.61	—	0	7	10.29
Total	**40,046**	**100.00**	**6,759,458**	**100.00**	**68**	**100.00**

Tenancy Expiry Profile (excluding rental income from turnover rent & owner-occupied portion)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2017	629	1.57	10,801	0.16	6	8.82
2018	5,464	13.65	1,037,388	15.35	29	42.65
2019	1,185	2.96	64,332	0.95	11	16.18
2020	1,412	3.52	424,280	6.27	9	13.24
2021	532	1.33	14,806	0.22	5	7.35
2022	26,174	65.36	4,773,561	70.62	6	8.82
2023	344	0.86	57,143	0.85	1	1.47
2024	—	0.00	—	0.00	—	0.00
2025	—	0.00	—	0.00	—	0.00
2026	—	0.00	—	0.00	—	0.00
2027	—	0.00	—	0.00	—	0.00
2028	—	0.00	—	0.00	—	0.00
2029	—	0.00	—	0.00	—	0.00
2030	—	0.00	—	0.00	—	0.00
2031	4,306	10.75	377,147	5.58	1	1.47
Total	**40,046**	**100.00**	**6,759,458**	**100.00**	**68**	**100.00**

Tenancy Duration Profile (excluding rental income from turnover rent & owner-occupied portion)

Year	Leased Area (sq.m.) (approx.)	% of total	Monthly Rental (RMB) (approx.)	% of total	No. of Tenancies	% of total
Up to 1 year	2,772	6.92	29,460	0.44	24	35.30
More than 1 year and up to 2 years	1,004	2.51	447,153	6.62	8	11.76
More than 2 years and up to 3 years	4,060	10.14	889,155	13.15	19	27.94
More than 3 years and up to 4 years	850	2.12	19,154	0.28	7	10.30
More than 4 years and up to 5 years	2,382	5.95	213,591	3.16	6	8.82
More than 5 years and up to 6 years	24,672	61.61	4,783,798	70.77	3	4.41
More than 6 years and up to 7 years	—	0.00	—	0.00	—	0.00
More than 7 years	4,306	10.75	377,147	5.58	1	1.47
Total	**40,046**	**100.00**	**6,759,458**	**100.00**	**68**	**100.00**

* As at the date of valuation, the total gross monthly rental only includes the gross monthly rental receivable from tenancies with lease terms already commenced and excludes the gross monthly rental receivable from tenancies with lease terms not yet commenced, amounting to approximately RMB41,194 per month.

** As at the date of valuation, excluding the owner-occupied portion, lease terms of 61 tenancies already commenced and lease term of 7 tenancies did not commence yet.

5. We have prepared our valuation based on the following assumptions:

a) COP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Office Portion

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The office portion of the Property No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	The Property is a large-scale composite development erected on a parcel of land with a site area of approximately 18,073 square metres. It comprises retail, office and car park spaces. The office portion is erected upon the retail podium. The retail portion of the Property was completed in 1997 while the office portion of the Property was completed in 1998. The office portion of the property is a 37-level office tower of the Development with a total gross area and a total lettable floor area of 54,617.37 square metres and 50,505.3 square metres respectively. The office portion is held by Chongqing Metropolitan Oriental Plaza Co. Ltd. for a term to be expired on August 30, 2044.	According to the tenancy schedule dated December 31, 2017 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring on February 28, 2023, yielding a total monthly rental income of about RMB5,475,175 inclusive of management fee. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents. The leased office portion of the Property as at valuation date was 89.2% while the owner-occupied office portion of the Property was 3.2%.	921,000,000

Notes:

1. Pursuant to the Real Estate Certificate No. 101 Fang Di Zheng 2015 Zi Di 24819 Hao (101房地證2015字第24819號) issued by the Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated December 11, 2015, The building ownership of the Property with a gross floor area of 54,617.37 square metres and the land use right with a site area of 18,072.7 square metres are held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP") for a term expiring on August 30, 2044 for commercial use.

2. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

3. The rentals reported herein are contractual rentals without taking into account rent free periods, if any. The annual other income is approximately RMB37,000 in 2017

4. Based on the tenancy information provided by COP, our analysis of the existing tenancy profile is set out below:

Occupancy Profile

Type	Lettable Area *(sq.m.) (approx.)*	% of total
Leased	45,069	89.2
Owner-occupied	1,612	3.2
Vacant	3,824	7.6
Total	**50,505**	**100.00**

Tenancy Commencement Profile (excluding owner-occupied portion)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2015	8,254	18.31	1,122,547	20.50	30	20.83
2016	15,106	33.52	1,920,108	35.07	49	34.03
2017	21,208	47.06	2,432,520	44.43	63	43.75
2018	501	1.11	—	0.00	2	1.39
Total	**45,069**	**100.00**	**5,475,175**	**100.00**	**144**	**100.00**

Tenancy Expiry Profile (excluding owner-occupied portion)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2017	163	0.36	22,965	0.42	2	1.39
2018	13,251	29.40	1,755,460	32.06	48	33.33
2019	19,904	44.16	2,408,836	44.00	65	45.14
2020	6,786	15.06	808,889	14.77	23	15.97
2021	1,075	2.39	137,202	2.51	1	0.69
2022	3,515	7.80	341,823	6.24	4	2.79
2023	375	0.83	—	0.00	1	0.69
Total	**45,069**	**100.00**	**5,475,175**	**100.00**	**144**	**100.00**

Tenancy Duration Profile (excluding owner-occupied portion)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
Up to 1 year	1,656	3.67	209,065	3.82	5	3.48
More than 1 year and up to 2 years	8,366	18.56	940,771	17.18	36	25.00
More than 2 years and up to 3 years	21,677	48.10	2,706,158	49.43	68	47.22
More than 3 years and up to 4 years	8,992	19.95	1,211,128	22.12	29	20.14
More than 4 years and up to 5 years	1,157	2.57	83,654	1.53	3	2.08
More than 5 years and up to 6 years	3,221	7.15	324,399	5.92	3	2.08
Total	**45,069**	**100.00**	**5,475,175**	**100.00**	**144**	**100.00**

* As at the date of valuation, the total gross monthly rental only includes the gross monthly rental receivable from tenancies with lease terms already commenced and excludes the gross monthly rental receivable from tenancies with lease terms not yet commenced, amounting to approximately RMB31,901 per month.

** As at the date of valuation, lease terms of 142 tenancies already commenced and lease terms of 2 tenancies did not commence yet.

5. We have noted from the market the strata-title transactions and asking office properties with details as follows:

Property	Location	Completion Date	Type of Transaction	Offer Date	Asking Price *(RMB/sq.m.) (GFA)*
SFC Centre	Jiefangbei	2012	Asking	Dec 2017	20,000
WFC Centre	Jiefangbei	2013	Asking	Dec 2017	22,000
Yingli International Financial Centre	Jiefangbei	2010	Asking	Dec 2017	20,000

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

6. We have prepared our valuation based on the following assumptions:

a) COP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Basement Portion (Car Park Spaces)

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 (RMB)
The basement portion (car park spaces) of the Property No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	The Property is a large-scale composite development erected on a parcel of land with a site area of approximately 18,073 square metres. It comprises retail, office and car park spaces. The office portion is erected upon the retail podium. The retail portion of the Property was completed in 1997 while the office portion of the Property was completed in 1998. The basement portion (car park spaces) of the property comprises 370 car parks on basement level 1 and portion of basement level 2. The property is held by Chongqing Metropolitan Oriental Plaza Co. Ltd. for a land use term to be expired on August 30, 2044.	According to the tenancy schedule dated December 31, 2017 provided to us, portion of the car park spaces is let under various licenses on monthly and hourly basis yielding an annual income of approximately RMB3,087,777.	41,000,000

Notes:

1. Pursuant to the Real Estate Certificate No. 101 Fang Di Zheng 2015 Zi No. 24971 (101房地證2015字第24971號) issued by the Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated December 11, 2015, the building ownership of the Property with a gross floor area of 109,742.46 square metres and the land use right with a site area of 18,072.7 square metres are held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP") for a land use term expiring on August 30, 2044 for commercial use.

2. We have prepared our valuation based on the following assumptions:

   a) COP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

   b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

   c) The Property is not subject to any encumbrances, litigations or disputes

MARKET OVERVIEW

Chongqing is one of the direct-controlled municipalities in China. The municipality was established in March 1997. It covers an area of approximately 82,400 square kilometres with a total population of approximately 30 million. The city consists of 26 districts, 8 counties and 4 autonomous counties. After being separated from Sichuan Province in 1997, Chongqing has been rapidly urbanized and become China's third largest centre for motor vehicle production and the largest for motorcycles.

Chongqing Retail Market

In Q1 2017, there was no new supply; however, a project has begun in Q2 2017. The new project comprising a high-end apartment tower, shopping centre, 5-star hotel and office is located in Yuzhong and expected to be completed in 2022. In general, the supply of retail market is considered to be stable.

The retail sales of the city reached RMB197.75 billion in Q1/2017, up 12.0% YoY. Sales of electronic equipment grew significantly on the back of strong consumer demand and an increase in construction, by 23.9% YoY. City-wide shopping mall vacancy rates fell by 0.6 ppt to 10.0%. Prime retail area vacancy rates decreased by 1.2 ppts to 8.3%, while non-prime retail areas increased by 0.2 ppt to 12.0%. The slight decline in vacancy rate is attributed to the opening of a few new stores, including Darry Ring at Yingjia Centre in Guanyinqiao, and Tiansheng'aojiao restaurant at Riyueguang Shopping Center in Jiefangbei.

The city's retail market remains in a period of transition, with many projects remaining in a stage of repositioning and tenant adjustments that began in the previous quarter. Market fundamentals remained relatively stable during the period, with city-wide vacancy rates falling by 0.6 ppt to 10.0%, while average rents declined to RMB23.3 per sq.m. per day.

Chongqing Office Market

Two Grade A office projects, one for lease and one for self-use, located in the Jiangbeizui CBD, brought 56,641 and 31,500 sq.m. of new supply to the market in Q1/2017, respectively. City-wide Grade A office stock increased to 2.20 million sq.m. City-wide vacancy rates continued to decline, primarily because of the strong demand for upgrades and relocations seen in the first quarter.

The city-wide vacancy rate slid 4.7 ppts QoQ to 42.1%. Most areas in the city, except for Guanyinqiao, saw a decline in vacancy rates due to heavy demand for upgrades and relocations in the first quarter. While the Grade A office market in the Jiangbeizui CBD received two new projects, the vacancy rates in the area declined a further 6.9 ppts QoQ to 39.4%. In the Jiefangbei CBD, the traditional prime area, stable demand combined with the absence of new supply resulted in a quarterly drop in vacancy rates to 35.8%.

Average Grade A office rents increased slightly, by 1.3% QoQ in Q1/2017, to an average of RMB91.59 per sq.m. per month. The abrupt rise in rent was mainly driven by the emerging business areas, especially Hualongqiao and the Jiangbeizui CBD. In contrast, average rents in the established business areas saw declines of varying degrees. Most notably, Guanyinqiao rents fell by 2.8% QoQ from RMB92.50 to RMB89.75 per sq.m. per month.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or value presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

March 1, 2018

Hui Xian Asset Management Limited
Unit 303, 3/F
Cheung Kong Center
2 Queen's Road Central
Hong Kong

DB Trustees (Hong Kong) Limited
52/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Our Ref.: 17/75920D

Dear Sirs,

In accordance with the instructions from Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Value of the property interest of a five-star hotel known as "Sofitel Shenyang Lido" located at No. 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC") (中華人民共和國遼寧省瀋陽市和平區青年大街386號「瀋陽麗都索菲特酒店」 (the "Hotel Portion") and the staff quarters of the hotel located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the PRC (中華人民共和國遼寧省瀋陽市和平區文安路14-3號) (the "Staff Quarters Portion") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Shenyang Lido Business Co. Ltd (the "Company").

D&P China (HK) Limited ("D&P") has determined the market values in its existing state of the Property as of December 31, 2017 (the "valuation date").

This letter, which forms part of our report, identifies the Property, the scope and character of our investigation, the premise of value adopted, the methodology applied, and our conclusion. It is our understanding that this appraisal will be used for your financial reporting purposes.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "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 and 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 METHODOLOGY

To develop our opinion of value, we have mainly adopted the Income Approach. The theory of the approach is outlined as follows:

The term income as used in this approach is a general term that suggests any future benefits that can be quantified in monetary terms. It does not imply that the income approach should be used only with projections of income in the accounting sense. Rather, the income approach involves two general steps. The first is making a projection of the total monetary benefits expected to accrue to an investor in the Property. The second step involves discounting these monetary benefits to present worth at a discount rate that considers the degree of risk (or uncertainty) associated with the realization of the projected monetary benefits.

TITLE DOCUMENTS

We have been provided with copies of documents in relation to the title of the property interest situated in the PRC. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interest set out in this letter and valuation certificate.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interest on the market in their existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interest. In addition, no forced sale situation in any matter is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interest described and that no encroachment or trespass exists unless noted in the valuation certificates.

We have assumed that the owner of the property interest has free and uninterrupted rights to use, lease, sell or mortgage the property interest for the whole of the unexpired term of its land use rights. We have also assumed that the property interest are freely disposable and transferable in the market to both local and overseas purchasers for the whole of the unexpired terms as granted without any fees or charge incurred unless otherwise stated.

Other special assumptions and qualifications for each portion of the Property, if any, have been stated in the footnotes of the valuation certificates for the Property.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, particulars of occupancy, site areas and floor areas and all other relevant matters. We have not carried out on-site measurements to verify the areas of the Property and assume the areas contained in the documents provided to us are correct.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We have also been advised that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the Property, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory.

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Our valuation is prepared in accordance with Chapter 6.8 of the Code of Real Estate Investment Trust (the "REIT Code") issued by the Securities and Futures Commission and the "HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors. 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. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

We have not investigated the title to or any liabilities against the property interest appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the values reported. Pursuant to Chapter 6.5 of the REIT Code, we confirm that we are independent to Hui Xian Real Estate Investment Trust, DB Trustees (Hong Kong) Limited, and each of the significant holders of Hui Xian Real Estate Investment Trust.

We enclose herewith our valuation certificates and market overview.

Yours faithfully,
For and on behalf of
D&P China (HK) Limited

Calvin K.C. Chan
MRICS, MHKIS, RPS (GP), MCIREA, CFA
Real Estate Valuation Group
Director

Note: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

EXECUTIVE SUMMARY

Property:	"Sofitel Shenyang Lido" located at No. 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People's Republic of China (中華人民共和國遼寧省瀋陽市和平區青年大街386號「瀋陽麗都索菲特酒店」) Staff quarters located at No. 14-3 Wen An Road, heping District, Shenyang City, Liaoning Province, the People's Republic of China (中華人民共和國遼寧省瀋陽市和平區文安路14-3號員工宿舍)
Description:	The Property is a 5-star hotel development comprising retail shops, office units, hotel rooms, car parking spaces and other ancillary facilities.
Site Area:	9,370 sq.m for Hotel Portion and 375 sq.m for Staff Quarter Portion.
Registered Owner:	Shenyang Lido Business Co., Ltd
Gross Floor Area:	Pursuant to the relevant Building Ownership Certificates, the total gross floor area Hotel Portion and Staff Quarter Portion of the Property are 78,746.41 square metres and 2,306.92 square metres, respectively.
Usage:	According to the information provided by the Company, the usage of hotel portion is as below:

The Hotel Portion:

Floor Levels	Uses
Basement Level 2	Carpark, temporary storage
Basement Level 1	Back of House
Level 1	Hotel lobby, lounge, retail shops and open carpark
Level 2	Coffee shop, restaurants, ballrooms and function rooms
Level 3	Restaurant and function rooms
Levels 4	Office and business centre
Level 5	Health club, swimming pool, SPA and retail shops
Levels 6–7	Offices
Levels 8–16	Under renovation and to be converted into serviced apartment units
Level 17 and above	Hotel rooms

The Staff Quarters Portion is designated for residential uses and is used as staff quarters as at the valuation date.

State-owned Land Use Certificates:	**The Hotel Portion:** Shenyang Guo Yong (2007) Di No. 0135 (瀋陽國用 (2007) 第0135號) Shenyang Guo Yong (2011) Di Nos. HP05041, HP05316 and HP05407 (瀋陽國用 (2011) 第HP05041號、HP05316號及HP05407號) **The Staff Quarters Portion:** Shenyang Guo Yong (2011) Di No. HP05042 (瀋陽國用 (2011) 第HP05042號) Shenyang Guo Yong (2011) Di No. HP05043 (瀋陽國用 (2011) 第HP05043號)
Building Ownership Certificates:	**The Hotel Portion:** Shen Fang Quan Zheng Shi He Ping Zi Di Nos. 11154, 12749 and 12750 (瀋房權證市和平字第11154, 12749及12750號) **The Staff Quarters Portion:** Shen Fang Quan Zheng Shi He Ping Zi Di Nos. 12747 and 12748 (瀋房權證市和平字第12747及12748號)
Valuation Date:	December 31, 2017
Valuation Methodology:	**The Hotel Portion:** Income Capitalization Approach, Discounted Cash Flow and Direct Comparison Approach
Market Value in Existing State:	**The Hotel Portion:** RMB850,000,000 **The Staff Quarter Portion:** No Commercial Value

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 *(RMB)*
The Hotel portion of the Property known as "Softel Shenyang Lido" located at No. 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People's Republic of China	The Property is a 5-star hotel comprising one 30-storey tower (including 2 basement levels) with a total gross floor area of approximately 78,746 square metres erected on parcel of land with a total site area of approximately 9,370 square metres and completed in about 2002 As of the date of valuation, the hotel portion was under renovation. Self-use car par spaces are provided at basement level 2 and guest car park spaces are provided in the open area of the Property. Basement level 1 was designated for back of house purposes. The Property is held by Shenyang Lido Business Co. Ltd for terms to be expired on July 1, 2042 and April 9, 2047.	The hotel portion of the Property was currently operated under the brand name of Sofitel Shenyang Lido. The average occupancy rate of the Hotel Portion for the year ended 2017 was 40%	850,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2007) Di No. 0135 (瀋陽國用(2007)第0135號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated April 20, 2007, the land use rights of the Hotel Portion of the Property with a site area of 2,966 square metres are held by Shenyang Lido Business Co., Ltd. (瀋陽麗都商務有限公司) ("Shenyang Lido Business") for a term expiring on April 9, 2047 for commercial use.

2. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05407 (瀋陽國用(2011)第HP05407號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 178.79 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.

3. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05316 (瀋陽國用(2011)第HP05316號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 1,763.59 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.

4. Pursuant to the State-owned Land Use Certificate (國有土地使用證) Shenyang Guo Yong (2011) Zi Di Nos. HP05041 (瀋陽國用(2011)字第HP05041號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 4,461.62 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for commercial use.

5. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 11154 (瀋房權證市和平字第11154號) issued by the Real Estate Registration Bureau of Shenyang City (瀋陽市房產管理局), the buildings with gross floor area of 21,685.92 square metres are held by Shenyang Lido Business.

6. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12749 (瀋房權證市和平字第12749號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 2,198.42 square metres are held by Shenyang Lido Business.

7. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12750 (瀋房權證市和平字第12750號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 54,862.07 square metres are held by Shenyang Lido Business.

8. We have prepared our valuation based on the following assumptions:

   a) The Company possesses the proper title of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

   b) The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.

   c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2017 (RMB)
The Staff Quarters Portion of the Property known as located at No. 14-3 Wen an Road, Heping District, Shenyang City, Liaoning Province, the People's Republic of China	The Property comprises 35 residential units situated in two 7-storey residential buildings with a total gross floor area of 2,306.92 qsuare metres completed in 1999. The land use rights of the Staff Quarters portion have been allocated for residential use. The Property is held by Shenyang Lido Business Co., Ltd.	The Property was currently occupied by staffs of Sofitel Shenyang Lido as staff quarters.	No Commercial Value

Notes:

1. Pursuant to 2 State-owned Land Use Certificates (國有土地使用證) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated October 31, 2011, the land use rights of the Staff Quarters Portion of the Property with land area of 375.18 square metres are allocated to Shenyang Lido Business Co., Ltd. (瀋陽麗都商務有限公司) ("Shenyang Lido Business") for residential use. Details are set as follow:

State-owned Land Use Certificate No.	Unit No.	Site Area (sq.m.)
Shenyang Guo Yong (2011) Di No. HP05042 瀋陽國用 (2011) 第HP05042號	111–117, 112–172, 113–173, 211–271*	292.79
Shenyang Guo Yong (2011) Di No. HP05043 瀋陽國用 (2011) 第HP05043號	212, 222, 232, 242, 252, 262, 272	82.39
TOTAL:		**375.18**

2. Pursuant to 2 Building Ownership Certificates (房屋所有權證) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with a total gross floor area of 2,306.92 square metres are held by Shenyang Lido Business. Details are set as follow:

Building Ownership Rights Certificate No.	Unit No.	Gross Floor Area (sq.m.)
Shen Fang Quan Zheng Shi He Ping Zi Di No. 12747 (瀋房權證市和平字第12747號)	111–117, 112–172, 113–173, 211–271*	1,800.33
Shen Fang Quan Zheng Shi He Ping Zi Di No. 12748 (瀋房權證市和平字第12748號)	212, 222, 232, 242, 252, 262	506.59
TOTAL:		**2,306.92**

3. In the course of valuation, we have assigned no commercial value to the Staff Quarters of the Property as it cannot be freely transferred in the market.

MARKET OVERVIEW

Shenyang is the capital of Liaoning Province, located in the northern region of China. It is a major industrial and cultural city with historical importance. As a result of "Revitalize Northeastern China" campaign, the economy of Shenyang City has been revived and the heavy industry had declined gradually in recent years. The tourist industry of Shenyang has been improving in the past few years. However, Shenyang experienced an extremely cold winter which affected the business activities and tourism last year. The increase of hotels rooms together with the Central Government's anti-corruption campaign damped the room rate and occupancy rate of hotel in Shenyang.

Shenyang Hotel Market

"Sofitel Shenyang Lido" is one of the well positioned five-star hotels along Qingnian Street which can successfully capture both tourists and business travelers. The supply of similar type hotel in Shenyang has been increased in the previous years. Since 2016, several 5-star new hotels including JW Marriott Shenyang Hotel, Renaissance Shenyang Hotel, Hilton Shenyang Shimao, have entered in Shenyang hotel market.

According to the Hotel Industry Study published by China Tourist Hotel Association, the average room rate and occupancy rate of international branded five-star hotels in Shenyang in 2016 was about RMB520 per night and 55%, respectively.

As per Statistics data published by China National Tourism Administration, the room rate in Q3 2017 has increased by 0.23% y-o-y while the occupancy rate in Q3 2017 has decreased by 4% y-o-y.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or value presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

March 1, 2018

Hui Xian Asset Management Limited
Unit 303, 3/F
Cheung Kong Center
2 Queen's Road Central
Hong Kong

DB Trustees (Hong Kong) Limited
52/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Our Ref.: 17/75920C

Dear Sirs,

In accordance with the instructions from Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Values of Harbour Plaza Chongqing located at No. 68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the "PRC") ("Property 1") and Sheraton Chengdu Lido Hotel located at No. 15, Section 1, Ren Min Zhong Road, Chengdu, Sichuan Province, the PRC ("Property 2") (or hereafter referred as the "Properties" or the "property interest").

D&P China (HK) Limited ("D&P") has determined the market value in its existing state of Property 1 and Property 2 as of December 31, 2017. (the "valuation dates").

This letter, which forms part of our report, identifies the Property, the scope and character of our investigation, the premise of value adopted, the methodology applied, and our conclusion. It is our understanding that this appraisal will be used for your financial reporting purposes.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "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 and 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 METHODOLOGY

To develop our opinion of value, we have mainly adopted the Income Approach. The theory of the approach is outlined as follows:

The term income as used in this approach is a general term that suggests any future benefits that can be quantified in monetary terms. It does not imply that the income approach should be used only with projections of income in the accounting sense. Rather, the income approach involves two general steps. The first is making a projection of the total monetary benefits expected to accrue to an investor in the Property. The second step involves discounting these monetary benefits to present worth at a discount rate that considers the degree of risk (or uncertainty) associated with the realization of the projected monetary benefits.

TITLE DOCUMENTS

We have been provided with copies of documents in relation to the title of the property interest situated in the PRC. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interest set out in this letter and valuation certificates.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interest on the market in their existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interest. In addition, no forced sale situation in any matter is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interest described and that no encroachment or trespass exists unless noted in the valuation certificates.

We have assumed that the owner of the property interest has free and uninterrupted rights to use, lease, sell or mortgage the property interest for the whole of the unexpired term of its land use rights. We have also assumed that the property interest are freely disposable and transferable in the market to both local and overseas purchasers for the whole of the unexpired terms as granted without any fees or charge incurred unless otherwise stated.

Other special assumptions and qualifications for each portion of the Property, if any, have been stated in the footnotes of the valuation certificates for the Property.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, particulars of occupancy, site areas and floor areas and all other relevant matters. We have not carried out on-site measurements to verify the areas of the Property and assume the areas contained in the documents provided to us are correct.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We have also been advised that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the Property, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory.

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Our valuation is prepared in accordance with Chapter 6.8 of the Code of Real Estate Investment Trust (the "REIT Code") issued by the Securities and Futures Commission and the "HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors. 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. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

We have not investigated the title to or any liabilities against the property interest appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the values reported. Pursuant to Chapter 6.5 of the REIT Code, we confirm that we are independent to Hui Xian Real Estate Investment Trust, DB Trustees (Hong Kong) Limited, and each of the significant holders of Hui Xian Real Estate Investment Trust.

We enclose herewith our valuation certificates and market overview.

Yours faithfully,
For and on behalf of
D&P China (HK) Limited

Calvin K.C. Chan
MRICS, MHKIS, RPS (GP), MCIREA, CFA
Real Estate Valuation Group
Director

Note: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

EXECUTIVE SUMMARY OF PROPERTY 1

Property:	The Property is a 38-storey hotel including basement levels with a total gross floor area of approximately 52,238 square metres located in Chongqing, the PRC.
Description:	The Property is a 5-star hotel development comprising retail shops, hotel rooms and other ancillary facilities.
Site Area:	4,066.42 sq.m
Registered Owner:	Chongqing Oriental Plaza Hotel Co., Ltd
Gross Floor Area:	52,238 sq.m
Usage:	Portion of the Property was operated as hotel and portion of the Property was operated as serviced apartment.
Real Property Ownership Certificates:	Yu (2017) Yu Zhong Qu Bu Dong Chan Quan Di No. 000244748 Yu (2017) Yu Zhong Qu Bu Dong Chan Quan Di No. 000467041
Valuation Date:	December 31, 2017
Valuation Methodology:	Income Capitalization Approach and Discounted Cash Flow
Market Value in Existing State:	**The Hotel Portion:** RMB365,000,000 **The Serviced Apartment Portion:** RMB56,000,000

EXECUTIVE SUMMARY OF PROPERTY 2

Property:	The Property is a 37-storey hotel including basement levels with a total gross floor area of approximately 56,550 square metres located in Chengdu, Sichuan Province, the PRC.
Description:	The Property is a 5-star hotel development comprising retail shops, hotel rooms and other ancillary facilities.
Site Area:	4,614.69 sq.m
Registered Owner:	Chengdu Changtian Co., Ltd
Gross Floor Area:	56,350 sq.m
Usage:	Hotel
State-owned Land Use Certificates:	Cheng Guo Yong (2007) No. 52
Building Ownership Certificates:	Cheng Fang Quan Zheng Jian Zheng Zi No. 1613937
Valuation Date:	December 31, 2017
Valuation Methodology:	Income Capitalization Approach and Discounted Cash Flow
Market Value in Existing State:	RMB722,000,000

VALUATION CERTIFICATE

No.	Property	Description	Particular of Occupancy	Market Value of Hotel Portion in existing state as of December 31, 2017 *(RMB)*
1.	Harbour Plaza Hotel Chongqing located at No. 68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	The Property is a 38-storey hotel including basement levels completed in about 1999. It consists of 348 hotel rooms and 41 serviced apartment units. The total gross floor area ("GFA") of hotel portion of the Property is about 46,791 sq.m while the total GFA of service apartment portion of the Property is about 5,447 square metres. As of the date of valuation, the Property 1 was under renovation. As advised, portion of the hotel will be converted into serviced apartment. After the completion of the renovation work, the planned number of hotel rooms will be 310 while the planned number of serviced apartment units will be 81. The said renovation works is scheduled to be completed by the end of 2018. The land use rights of Property 1 has been granted for an expiring on August 30, 2044 for composite use.	As of the date of valuation, the property was operating as a 5-star hotel and serviced apartment.	365,000,000 **Market Value of Serviced Apartment Portion in existing state as of December 31, 2017** *(RMB)* 56,000,000

Notes:

(1) Pursuant to the Real Property Ownership Certificate, Yu (2017) Yu Zhong Qu Bu Dong Chan Quan Zheng Di No. 000467041, issued by Chongqing Bureau of Land Resources and Housing Management dated May 26, 2017, the building with a total gross floor area of 51,736.81 square metres and land use rights with a site area of 4,066.42 square metres are held by Chongqing Oriental Plaza Hotel Co., Ltd for hotel use.

(2) Pursuant to the Real Property Ownership Certificate, Yu (2017) Yu Zhong Qu Bu Dong Chan Quan zheng Di No. 000244748, issued by Chongqing Bureau of Land Resources and Housing Management dated March 31, 2017, the basement levels with a total gross floor area of 501.53 square meters is held by Chongqing Oriental Plaza Hotel Co. Ltd for a term expiring on August 30, 2044 for car park use.

(3) In the course of our valuation, we have made the following assumptions:

a. The Company legally owns the land use rights and building ownership rights of the Property 1.

b. The design and construction of the development are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

c. The Company has a proper legal title to the Property 1 and is entitled to occupy, transfer, dispose, lease out or deal with the Property 1 with the granted residual term of its land use rights.

d. Property 1 is free from mortgages and encumbrances.

MARKET OVERVIEW OF CHONGQING

Chongqing is one of the direct-controlled municipalities in China. The municipality was established in March 1997. It covers an area of approximately 82,400 square kilometres with a total population of approximately 30 million. The city consists of 26 districts, 8 counties and 4 autonomous counties. After being separated from Sichuan Province in 1997, Chongqing has been rapidly urbanized and become China's third largest centre for motor vehicle production and the largest for motorcycles.

In 2016, more 5-star hotels have been completed in Chongqing. It has driven up the total stock of hotel rooms by about 1,490 rooms. Hotel performance in Chongqing tends to have positive prospective. Being one of the core business centres of PRC, the demand for hotel rooms in Chongqing is still secured. In 2016, the average occupancy in the city is about 59% while the average daily room rate is about RMB487.

In 2017, the number of visitors has reached 542 million including international and domestic visitors.

VALUATION CERTIFICATE

No.	Property	Description	Particular of Occupancy	Market Value in existing state as of December 31, 2017 *(RMB)*
2	A Hotel (Sheraton Chengdu Lido Hotel) located at No. 15, Section 1, Ren Min Zhong Road, Chengdu, Sichuan Province, the People's Republic of China	The Property is a 37-storey hotel including basement levels completed in about 2000. The total gross floor area ("GFA") of the Property is 56,350 sq.m. The land use rights of the Property have been granted for a term expiring on January 17, 2049 for composite use.	As of the date of valuation, the property was operating as a 5-star hotel.	722,000,000

Notes:

(1) Pursuant to the State-owned Land Use Rights Certificate No. Cheng Guo Yong (2007) No. 52 issued by Chengdu Bureau of Land Resources and Housing Management dated January 18, 2007, the land use rights with site area of 4,614.69 square metres was granted to Chengdu Changtian Co., Ltd for a term expiring on January 17, 2049 for composite use.

(2) Pursuant to the Building Ownership Certificate, No. Cheng Fang Quan Zheng Jian Zheng Zi No. 1613937, issued by Chengdu Real Estate Management Bureau dated November 30, 2007, the building ownership with a total gross floor area of 56,350 sq. metres is held by Chengdu Changtian Co., Ltd.

(3) In the course of our valuation, we have made the following assumptions:

a. The Company legally owns the land use rights and buildings ownership rights of the Property 2.

b. The design and construction of the development are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

c. The Company has a proper legal title to the Property 2 and is entitled to occupy, transfer, dispose, lease out or deal with the Property 2 with the granted residual term of its land use rights.

d. Property 2 is free from mortgages and encumbrances.

MARKET OVERVIEW OF CHENGDU

Chengdu is the capital city of Sichuan Province of the People's Republic of China (the "PRC"). It covers an area of approximately 14,000 square kilometres with a total population of approximately 14 million. It consists of 11 districts, 4 county-level cities and 5 counties. Chengdu has been developed into a financial centre and transportation hub of the western part of PRC.

As per Chengdu's Tourism Bureau, the growth of visitors has rapidly increased since 2016. For the first ninth months of 2016, a total number of visitors in Chengdu has reached 151.6 million. The major demand is mainly from the corporates. It is expected to have more headquarters being set up in Chengdu by Fortune 500 Companies.

In 2016, more 5-star hotels have been completed in Chengdu. It has driven up the total stock of hotel rooms by about 8,000. It is expected that the supply pipeline will be overwhelming which will, in turn, decrease the average room rate of the city.

Even though the demand for hotel has increased, the offer of hotel rooms has been oversupplied. It has caused a downward pressure on the average occupancy rate and average daily room rate of hotels in Chengdu. As per research, there are more upcoming 5-star hotels in Chengdu. In 2016, the average occupancy is about 45%, and the average daily room rate is about RMB708.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or value presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

TRUSTEE'S REPORT

Hui Xian Asset Management Limited
(in its capacity as the REIT Manager of Hui Xian REIT)
Unit 303, 3rd Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

Dear Sir,

We hereby confirm that, in our opinion, the Manager of Hui Xian Real Estate Investment Trust ("Hui Xian REIT") has, in all material respects, managed Hui Xian REIT in accordance with the provisions of the Trust Deed dated 1 April 2011 (as amended by the Supplemental Deed dated 24 May 2013, 16 May 2014, 28 May 2015 and 12 May 2017) for the period from 1 January 2017 to 31 December 2017.

DB Trustees (Hong Kong) Limited
(in its capacity as trustee of Hui Xian Real Estate Investment Trust)

Hong Kong, 5 March, 2018

Deloitte. 德勤

TO THE UNITHOLDERS OF HUI XIAN REAL ESTATE INVESTMENT TRUST
(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

OPINION

We have audited the consolidated financial statements of Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and its subsidiaries (collectively referred to as "the Group") set out on pages 135 to 208, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders and non-controlling interests, consolidated statement of cash flows and distribution statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial disposition of the Group as at 31 December 2017, and of its consolidated financial transactions and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements associated with determining the fair value. The carrying value of the Group's investment properties amounted to RMB32,981 million at 31 December 2017, representing 69% of the Group's total assets, with its change in fair value included in the consolidated statement of comprehensive income. During the year ended 31 December 2017, a decrease in fair value of investment properties amounted to RMB497 million. An independent professional valuer ("the Valuer") was engaged by Hui Xian Asset Management Limited ("the Manager" of Hui Xian REIT) to determine the fair value of the Group's investment properties. Details of the valuation techniques, significant assumptions and key inputs used in the valuations are disclosed in Notes 3 and 13 to the consolidated financial statements. The valuations are dependent on certain inputs, together with significant assumptions, that involve judgements, including term yield, reversionary yield, reversionary rent for malls and offices; and gross yield for car parking spaces. The Manager has reviewed and exercised its judgement on the key inputs to the valuations and the results with the Valuer.	Our procedures in relation to assessing the appropriateness of the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer; • Understanding the Valuer's valuation process and methodology, the performances of the property markets in different cities in the People's Republic of China ("the PRC"), significant assumptions adopted, critical judgemental areas and key inputs used in the valuations; • Comparing the valuation methodology and assumptions used to industry norms; • Evaluating the reasonableness of key inputs used in the valuations by (i) checking the details of rentals on a sample basis to the existing tenancy profiles (including existing rental income, occupancy level, tenancy commencement and expiry profiles, and tenancy duration); and (ii) comparing to relevant market information on prices, rentals achieved and capitalisation rates adopted in other similar properties in the same location and condition; and • Performing analysis on the inputs to evaluate the results on the valuations.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of buildings and valuation of land and related costs	
We identified the valuation of buildings, which are included in property, plant and equipment (Note 14 to the consolidated financial statements), and the valuation of land and related costs (Note 15 to the consolidated financial statements) (collectively referred to as the "Buildings and Land") as a key audit matter due to the significant judgements involved in the determination of their recoverable amounts. The Buildings and Land mainly represent hotels and serviced apartments. As at 31 December 2017, for the purpose of the impairment review, the Manager has conducted an assessment to ensure that the Buildings and Land are carried at no more than their recoverable amounts. The recoverable amounts of the Buildings and Land are determined with reference to the valuations carried out by the Valuer. They are dependent on inputs that involve both the Manager and the Valuer's judgements, including forecasting of future operating cash flows of hotels and serviced apartments and determining the discount rates are disclosed in Note 3 to the consolidated financial statements. The Manager concluded that there is no impairment in respect of the Buildings and Land.	Our procedures in relation to the Manager's assessment on the recoverable amounts of the Buildings and Land included: • Evaluating the competence, capabilities and objectivity of the Valuer; • Understanding the Valuer's valuation process and approach, significant assumptions adopted, critical judgemental areas and key inputs used in the valuations; • Assessing the appropriateness of future operating cash flows with reference to the past performance of hotels and serviced apartments together with the Manager and the Valuer's expectations for the market developments in different cities in the PRC; and • Assessing the reasonableness of the assumptions and inputs used by the Valuer in determining the discount rates by benchmarking to the entity specific information and market data.

OTHER INFORMATION

Hui Xian Asset Management Limited (the "Manager" of Hui Xian REIT) is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGER AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by four supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017 (the "Trust Deed") and the relevant disclosure provisions of Appendix C of the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Hong Kong Securities and Futures Commission.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Appendix C of the REIT Code, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON MATTER UNDER THE RELEVANT PROVISIONS OF THE TRUST DEED AND THE RELEVANT DISCLOSURE PROVISIONS OF APPENDIX C OF THE REIT CODE

In our opinion, the consolidated financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

The engagement partner on the audit resulting in this independent auditor's report is Wong Kuen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 RMB million	2016 RMB million
Revenue	5	**3,199**	3,106
Other income	6	**273**	206
Decrease in fair value of investment properties	13	**(497)**	(450)
Gain on bargain purchase on acquisition of subsidiaries	23(a)	**85**	–
Inventories consumed		**(47)**	(41)
Staff costs		**(155)**	(124)
Depreciation and amortisation		**(343)**	(286)
Other operating expenses	7	**(888)**	(822)
Finance costs	8	**(262)**	(225)
Exchange gain (loss)		**758**	(663)
Manager's fees	9	**(160)**	(164)
Real estate investment trust expenses	10	**(21)**	(12)
Fair value gain from top-up amount asset	24	**–**	3
Profit before taxation and transactions with unitholders		**1,942**	528
Income tax expense	11	**(502)**	(427)
Profit for the year, before transactions with unitholders		**1,440**	101
Distributions to unitholders		**(1,489)**	(1,499)
Loss and total comprehensive expense for the year, after transactions with unitholders		**(49)**	(1,398)
Profit for the year, before transactions with unitholders attributable to:			
Non-controlling interests		**(16)**	(13)
Unitholders		**1,456**	114
		1,440	101
Basic earnings per unit *(RMB)*	12	**0.2635**	0.0211

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 RMB million	2016 RMB million
Profit for the year, before transactions with unitholders	**1,440**	101
Non-controlling interests	**16**	13
Profit for the year attributable to unitholders, before transactions with unitholders	**1,456**	114
Adjustments *(Note (i))*:		
Manager's fees	**109**	116
Deferred tax	**(23)**	(85)
Distributable depreciation and amortisation	**201**	212
Decrease in fair value of investment properties	**497**	450
Net unrealised exchange gain on bank loans and loan front-end fee	**(763)**	–
Gain on bargain purchase on acquisition of subsidiaries	**(85)**	–
Fair value gain from top-up amount asset	**–**	(3)
	(64)	690
Distributable income	**1,392**	804
Additional items *(Note (ii))*:		
Depreciation and amortisation arising from fair value adjustments	**47**	19
Net unrealised exchange loss on bank loans and loan front-end fee	**–**	664
Top-up amount receivable	**–**	42
Other cash distributions	**50**	17
	97	742
Amount available for distribution	**1,489**	1,546
Payout ratio *(Note (iii))*	**100%**	97.0%
Distributions to unitholders *(Note (iv))*		
— Interim distribution paid	**761**	781
— Final distribution payable	**728**	718
	1,489	1,499
Distribution per unit *(RMB) (Note (iv))*		
Interim distribution per unit	**0.1377**	0.1439
Final distribution per unit	**0.1304**	0.1315
	0.2681	0.2754

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2017, Manager's fees paid and payable in units of RMB109 million (18,794,883 units issued and 16,190,602 units estimated to be issued) out of the total Manager's fees of RMB160 million. The difference of RMB51 million are paid or payable in cash.

For the year ended 31 December 2016, Manager's fees paid and payable in units of RMB116 million out of the total Manager's fees of RMB164 million. The difference of RMB48 million are paid or payable in cash.

(b) Deferred tax charge of RMB20 million (2016: RMB27 million) in relation to accelerated tax depreciation and deferred tax credit of RMB43 million (2016: RMB112 million) in relation to changes in fair value of investment properties.

(c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB201 million (2016: RMB212 million) represented by depreciation and amortisation of RMB211 million (2016: RMB212 million) less capital expenditure of RMB10 million (2016: nil).

(d) Decrease in fair value of investment properties of RMB497 million (2016: RMB450 million).

(e) For the year ended 31 December 2017, there was a net unrealised exchange gain on bank loans and loan front-end fee of RMB763 million. Net unrealised exchange loss on bank loans and loan front-end fee for year ended 31 December 2016 is shown in Note (ii)(2) below.

(f) Gain on bargain purchase on acquisition of subsidiaries of RMB85 million *(Note 23(a))* (2016: nil).

(g) Fair value gain from top-up amount asset of RMB3 million for the year ended 31 December 2016.

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial year.

(ii) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Additional items for the year include:

(1) Depreciation and amortisation attributable to unitholders arising from fair value adjustments upon acquisition of Shenyang Lido Business Co. Ltd., Chongqing Oriental Plaza Hotel Co., Ltd# ("Chongqing Hotel Company") (formerly known as Harbour Plaza Chongqing Co. Ltd.) and Chengdu Changtian Co., Ltd. totalling RMB47 million (2016: RMB19 million).

(2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB664 million for the year ended 31 December 2016.

(3) Top-up amount receivable of RMB42 million for the year ended 31 December 2016.

(4) Other cash distributions of RMB50 million (2016: RMB17 million).

(iii) In accordance with the Trust Deed, Hui Xian REIT (as defined in Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial year.

Distributions to unitholders for the year ended 31 December 2017 represent a payout ratio of 100% (2016: 97.0%) of Hui Xian REIT's distributable income for the year.

(iv) The interim distribution per unit of RMB0.1377 for the six months ended 30 June 2017 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB760,535,258 over 5,523,493,330 units, representing issued units as at 30 June 2017. The final distribution per unit of RMB0.1304 for the six months ended 31 December 2017 is calculated based on 100% of Hui Xian REIT's amount available for distribution for the year of RMB1,489,267,002, less distribution to unitholders for the six months ended 30 June 2017, over 5,586,412,489 units, representing issued units as at 31 December 2017.

The interim distribution per unit of RMB0.1439 for the six months ended 30 June 2016 is calculated based on 97.0% of Hui Xian REIT's amount available for distribution of RMB805,569,982 over 5,428,677,596 units, representing issued units as at 30 June 2016. The final distribution per unit of RMB0.1315 for the six months ended 31 December 2016 is calculated based on 97.0% of Hui Xian REIT's amount available for distribution for the year of RMB1,546,104,899, less distribution to unitholders for the six months ended 30 June 2016, over 5,462,193,939 units, representing issued units as at 31 December 2016.

Previously translated as Chongqing Dongguang Hotel Co., Ltd.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 RMB million	2016 RMB million
Non-current assets			
Investment properties	13	**32,981**	33,534
Property, plant and equipment	14	**2,408**	2,041
Land and related costs	15	**4,484**	3,974
Goodwill	23	**2**	–
Total non-current assets		**39,875**	39,549
Current assets			
Inventories	16	**28**	26
Land and related costs	15	**172**	130
Trade and other receivables	17	**133**	163
Bank balances and cash	18	**7,401**	7,072
Total current assets		**7,734**	7,391
Total assets		**47,609**	46,940
Current liabilities			
Trade and other payables	19	**495**	526
Tenants' deposits		**292**	300
Tax payable		**46**	101
Manager's fee payable		**72**	81
Distribution payable		**728**	718
Bank loans	20	**5,009**	893
Total current liabilities		**6,642**	2,619
Total assets less current liabilities	27	**40,967**	44,321

	NOTES	**2017 RMB million**	2016 RMB million
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	**5,960**	9,923
Tenants' deposits		**490**	466
Deferred tax liabilities	21	**7,384**	7,250
Total non-current liabilities, excluding net assets attributable to unitholders		**13,834**	17,639
Total liabilities, excluding net assets attributable to unitholders		**20,476**	20,258
Non-controlling interests		**350**	243
Net assets attributable to unitholders		**26,783**	26,439
Units in issue *('000)*	22	**5,586,412**	5,462,194
Net asset value per unit *(RMB)* attributable to unitholders	25	**4.7943**	4.8403

The consolidated financial statements on pages 135 to 208 were approved and authorised for issue by the Board of Directors of the Manager on 12 March 2018 and were signed on its behalf by:

CHEUNG Ling Fung, Tom
DIRECTOR

LEE Chi Kin, Casey
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTERESTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Net assets Attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2016	27,557	256	27,813
Units issued for settlement of Manager's fees *(Note 22)*	122	–	122
Units issued pursuant to the distribution reinvestment arrangement in respect of 2015 final and 2016 interim distributions *(Note 22)*	145	–	145
	27,824	256	28,080
Profit for the year, before transactions with unitholders	114	(13)	101
Distributions to unitholders			
— Interim distribution paid	(781)	–	(781)
— Final distribution payable	(718)	–	(718)
Total comprehensive expense for the year	(1,385)	(13)	(1,398)
Net assets as at 31 December 2016	26,439	243	26,682
Units issued for settlement of Manager's fees *(Note 22)*	**115**	**–**	**115**
Units issued pursuant to the distribution reinvestment arrangement in respect of 2016 final and 2017 interim distributions *(Note 22)*	**262**	**–**	**262**
	26,816	**243**	**27,059**
Profit for the year, before transactions with unitholders	**1,456**	**(16)**	**1,440**
Distributions to unitholders			
— Interim distribution paid	**(761)**	**–**	**(761)**
— Final distribution payable	**(728)**	**–**	**(728)**
Additions through acquisition of a subsidiary *(Note 23(b))*	**–**	**123**	**123**
Total comprehensive (expense) income for the year	**(33)**	**107**	**74**
Net assets as at 31 December 2017	**26,783**	**350**	**27,133**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 RMB million	2016 RMB million
Operating activities			
Profit before taxation and transactions with unitholders		**1,942**	528
Adjustments for:			
Loss on disposal of property, plant and equipment		**6**	–
Depreciation of property, plant and equipment		**180**	158
Amortisation of land and related costs		**163**	128
Decrease in fair value of investment properties		**497**	450
Gain on bargain purchase on acquisition of subsidiaries		**(85)**	–
Fair value gain from top-up amount asset		**–**	(3)
Interest income		**(269)**	(193)
Exchange (gain) loss		**(758)**	663
Finance costs		**262**	225
Manager's fees settled by issuing units	22	**115**	122
Operating cash flows before movements in working capital		**2,053**	2,078
Increase in inventories		**–**	(2)
Decrease (increase) in trade and other receivables		**67**	(1)
(Decrease) increase in trade and other payables		**(60)**	58
Increase in tenants' deposits		**16**	28
Decrease in Manager's fee payable		**(9)**	–
Cash generated from operations		**2,067**	2,161
Income and withholding tax paid		**(578)**	(515)
Net cash from operating activities		**1,489**	1,646
Investing activities			
Acquisitions of subsidiaries, net of bank balances and cash acquired	23	**(492)**	–
Considerations for assignment of loans from a connected party	23	**(262)**	–
Placement of deposits in banks		**(4,914)**	(2,262)
Purchase of property, plant and equipment		**(37)**	(11)
Receipt from top-up amount receivable		**–**	58
Additions to investment properties	13	**(44)**	(33)
Withdrawal of deposits in banks		**2,262**	20
Interest received		**238**	178
Net cash used in investing activities		**(3,249)**	(2,050)

	NOTES	2017 RMB million	2016 RMB million
Financing activities			
Net proceeds from new bank loans raised		**868**	673
Distributions paid to unitholders		**(1,217)**	(1,355)
Interest paid		**(214)**	(191)
Net cash used in financing activities		**(563)**	(873)
Net decrease in cash and cash equivalents		**(2,323)**	(1,277)
Cash and cash equivalents at the beginning of the year		**4,810**	6,087
Cash and cash equivalents at the end of the year, represented by bank balances and cash	18	**2,487**	4,810

1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing) and its units were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by four supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

The principal activity of Hui Xian REIT and its subsidiaries (the "Group") is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of Hui Xian REIT.

The Group has entered into various service agreements in relation to the management of Hui Xian REIT and its property operations. The fee structures of these services are as follows:

(a) Property Manager's fee

Under the operations management agreement and supplemental agreement entered by Beijing Oriental Plaza Company Limited and Beijing Hui Xian Enterprise Services Limited (the "Beijing Property Manager") on 29 April 2011 and 22 June 2017, the Beijing Property Manager will receive a property manager's fee with details as described in Note 1(c) and reimbursements for the employment costs and remuneration of the employees of the Beijing Property Manager for provision of business advisory and management services, marketing and lease management services and property management co-ordination services.

Under the Chongqing property manager agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd ("Chongqing Company") and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited ("Chongqing Property Manager") on 2 March 2015, the Chongqing Property Manager will be fully reimbursed by Chongqing Company for (i) employment costs and remuneration of the personnel provided or procured by the Chongqing Property Manager engaged solely and exclusively for the provision of its services relating to Metropolitan Plaza and Metropolitan Tower (collectively referred to as "Metropolitan Oriental Plaza"); and (ii) management expenses incurred by the Chongqing Property Manager on Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third party service providers by the Chongqing Property Manager (as agent for the Chongqing Company) at the request of the Chongqing Company for the provision of cleaning, maintenance, security, car park management and other services for Metropolitan Oriental Plaza.

1. GENERAL (continued)

(b) Trustee's fee

The Trustee is entitled to receive a one-off inception fee of not more than RMB100,000 and, in each financial year, an annual fee of such amount as is agreed between the Manager and the Trustee from time to time of not more than 0.02% of the fair values of the real estate properties (the "Property Values") as at the end of such financial year (which may be increased without obtaining unitholders' approval to a maximum of 0.06% per annum of the Property Values by giving at least one month's prior written notice to the Manager and the unitholders), subject to a minimum amount of RMB56,000 per month.

(c) Manager's fees

Under the Trust Deed, the Manager is entitled to receive the following remuneration for the provision of asset management services:

Base Fee

Under the Trust Deed, the Manager will receive a base fee from Hui Xian REIT at 0.3% per annum of the Property Values as at the end of such financial year.

For the period from the date of listing until 31 December 2011, the base fee, only to the extent that it is referable to Beijing Oriental Plaza, shall be paid to the Manager as to 80% in the form of units and as to 20% in the form of cash. Thereafter, the Manager may elect whether the base fee is to be paid in cash or in units.

On 6 January 2017, the Manager has elected to receive 70% (2016: 70%) base fee in units and 30% (2016: 30%) in cash in respect of the financial year ended 31 December 2017.

Variable Fee

The Trust Deed has been modified on 19 May 2017 in relation to the variable fee structure. Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the net property income ("NPI") of that real estate (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee) in respect of each real estate of Hui Xian REIT, for so long as the property manager is a wholly-owned subsidiary of the Manager, the Manager may elect at any time and from time to time, with effect from the date on which the property manager is appointed or the date of such election by the Manager, whichever is later, that the 3% rate in clause 14.1.2(i)(a) of the Trust Deed be split between the Manager and the property manager, in such proportion as the Manager in its sole discretion deems fit, into 2 portions comprising a variable fee payable to the Manager and a property manager's fee payable to the property manager.

NPI means the amount equivalent to the gross revenue less property operating expenses.

Prior to 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza was split into 2 portions comprising a variable fee payable to the Manager which is equal to 2% per annum, and a property manager's fee payable to the property manager which is equal to 1% per annum, of NPI of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

1. GENERAL (continued)

(c) Manager's fees (continued)

Variable Fee (continued)

The Manager has elected that with effect from 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza be split into 2 portions comprising a variable fee payable to the Manager which is equal to 1% per annum, and a property manager's fee payable to the property manager which is equal to 2% per annum, of NPI of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The 3% rate in respect of the other real estates of Hui Xian REIT is all payable to the Manager at 3% per annum of NPI of the relevant real estate (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The Manager may elect whether the variable fee is to be paid in cash or in units in accordance with the provisions in the Trust Deed.

On 6 January 2017, the Manager has elected to receive 70% (2016: 70%) variable fee in units and 30% (2016: 30%) in cash in respect of the financial year ended 31 December 2017.

Acquisition Fee

Under the Trust Deed, the Manager will receive an acquisition fee ("Acquisition Fee") from Hui Xian REIT at not exceeding 1% of the acquisition price of any real estate in the form of land acquired directly or indirectly by Hui Xian REIT (pro-rated if applicable to the proportion of Hui Xian REIT's interest in the real estate acquired). The Acquisition Fee will be paid to the Manager in the form of cash or, at the election of the Manager, entirely in the form of units or partly in cash and partly in the form of units.

The Manager has elected to receive the acquisition fee in cash in respect of the acquisitions of Highsmith (HK) Limited ("Highsmith HK") and its subsidiaries ("Highsmith HK Group") and Chengdu Investment Limited ("Chengdu Investment") and its subsidiaries ("Chengdu Investment Group") for the year ended 31 December 2017.

Acquisition Fee of RMB5,260,000 was received by the Manager for the year ended 31 December 2017 (2016: nil).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include the applicable disclosures requirements set out in Appendix C of the REIT Code issued by the SFC and the Rules Governing the Listing of Securities on the HKSE.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and top-up amount asset that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transferred at fair value and a valuation technique that uses unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Hui Xian REIT and entities controlled by Hui Xian REIT (its subsidiaries). Control is achieved where Hui Xian REIT:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Hui Xian REIT reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when Hui Xian REIT obtains control over the subsidiary and ceases when Hui Xian REIT loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date Hui Xian REIT gains control until the date when Hui Xian REIT ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the unitholders of Hui Xian REIT and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the unitholders of Hui Xian REIT and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations (continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (other than deferred tax assets and liabilities). If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Rental income from operating lease is recognised in the profit or loss on a straight-line basis over the terms of the relevant leases.

Contingent rentals, which include gross turnover rental, are recognised as revenue when it becomes receivable.

Service income is recognised when services are provided.

Revenue from room rental, food and beverage sales and other ancillary services relating to the operation of hotel and serviced suites are recognised when the relevant services have been rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Investment properties

Investment properties are properties held to earn rentals and capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Hotel and serviced suite properties, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment loss where appropriate.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated and costs necessary to make the sale.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets categorised as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables which include trade and other receivables and bank balances and cash are carried at amortised cost using the effective interest method, less any identified impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recognised on an effective interest basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in economic conditions that correlate with default on receivables.

The carrying amount of the trade receivables is reduced by the impairment loss through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

In accordance with the Trust Deed, Hui Xian REIT has a limited life of 80 years less 1 day from the date of commencement of Hui Xian REIT. The units contain a contractual obligation to its unitholders, upon the termination of Hui Xian REIT to distribute a share of all net cash proceeds derived from the sale or realisation of the assets of Hui Xian REIT less any liabilities, in accordance with their proportionate interests in Hui Xian REIT at the date of its termination.

In accordance with the Trust Deed, Hui Xian REIT's distribution policy provides the unitholders with a right to receive distribution which Hui Xian REIT has a contractual obligation to distribute to unitholders at 100% of Hui Xian REIT's Annual Distributable Income (defined in the Trust Deed) for the period from 29 April 2011 (date of listing) to 31 December 2011 and the financial year ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's Annual Distributable Income for each financial year.

Accordingly, the issued units are compound instruments in accordance with HKAS 32 Financial Instruments: Presentation. The Manager considers the equity component of the issued units to be insignificant.

Unit issue costs are the transactions costs relating to issue of units in Hui Xian REIT which are accounted for as a deduction from the proceeds raised to the extent they are incremental costs directly attributable to the transactions that otherwise would have been avoided. Other transaction costs are recognised as an expense.

Financial liabilities which include trade and other payables, manager's fee payable, distribution payable and bank loans are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or has expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant leases.

(k) Land and related costs

Leasehold interests in land (i.e. land use rights) are classified as finance lease if substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The leasehold land is classified as property, plant and equipment when the land is qualified as finance lease. Other leasehold interests in land are accounted for as operating lease and amortised over the lease term on a straight-line basis.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the 'profit before taxation' as reported in the consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where it is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are charged or credited to profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

(p) Impact arising from recently issued accounting standards

The accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except as described below.

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in Note 35. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in Note 35, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impact arising from recently issued accounting standards (continued)

At the date of authorisation of these consolidated financial statements, the Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for annual periods beginning on or after a date to be determined

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impact arising from recently issued accounting standards (continued)

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised;

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the Manager anticipates the following potential impact on initial application of HKFRS 9:

In general, the Manager anticipates that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Manager, if the expected credit loss model were to be applied by the Group, there would be no material impact on the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impact arising from recently issued accounting standards (continued)

HKFRS 15 Revenue from Contracts with Customers (continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Manager anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, the Manager does not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group currently considers refundable rental deposits received of RMB782 million as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as advance lease payments.

Except as described above, the Manager anticipates that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investment Properties

As described in Notes 2(e) and 13, as at 31 December 2017, investment properties of RMB32,981 million (2016: RMB33,534 million) are stated at fair value based on the valuation performed by an independent professional valuer. The valuation of properties was principally arrived at by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the properties. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining term of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties. The key drivers underlying estimation of fair value of investment properties are market rents and capitalisation rates.

In relying on the valuation reports of the independent professional valuer, the Manager has exercised its judgement and is satisfied the key drivers underlying estimation of fair value of investment properties by comparing to actual market yield data, actual transactions of the similar properties in the same location and condition and those reported by the market. Any changes in the market conditions will affect the fair value of the investment properties of the Group.

For the purpose of measuring deferred tax arising from investment properties that are measured using the fair value, the Manager has reviewed the Group's investment property portfolios which are all located in the People's Republic of China ("the PRC") and rented out under operating leases and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use rather than through sale. Any change to the business model will lead to a change in the measurement basis of the deferred tax liabilities of the investment properties of RMB4,904 million as at 31 December 2017 (2016: RMB4,947 million).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Buildings and Land and Related Costs

As explained in Notes 2 (f) and (k), the Group's buildings are stated at cost less accumulated depreciation and accumulated impairment loss where appropriate and land and related costs accounted for as operating lease are amortised over the lease term on a straight-line basis. The Manager makes significant judgements in determining the recoverable amounts of the buildings and land and related costs (collectively referred as "Buildings and Land").

The Buildings and Land mainly represent hotels and serviced apartments. As at 31 December 2017, for the purpose of the impairment review, the Manager has conducted an assessment to ensure that the Buildings and Land are carried at no more than their recoverable amounts. The recoverable amounts of the Buildings and Land are determined with reference to the valuations carried out by an independent professional valuer. They are dependent on inputs that involve both the Manager and the independent professional valuer's judgements, including forecasting of future operating cash flows of hotels and serviced apartments and determining the discount rates. These require the use of key assumptions and estimations subject to uncertainty, including the growth rates, occupancy rates, room rates and discount rates which reflect the degree of risks associated with the estimated future operating cash flows.

Based on the Manager's assessment, no impairment or write-off was recognised on Buildings and Land during the years ended 31 December 2017 and 2016. As at 31 December 2017, the carrying amounts of the Group's buildings and land and related costs are RMB2,248 million (2016: RMB1,909 million) and RMB4,656 million (2016: RMB4,104 million) respectively.

4. SEGMENT REPORTING

Hui Xian REIT determines its operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (i.e. the Manager) for the purpose of allocating resources to segments and assessing their performance.

The following are identified operating and reportable segments:

Malls:	Renting of the shopping malls and car parking spaces in Oriental Plaza, Beijing, the PRC and Metropolitan Oriental Plaza in Chongqing, the PRC.
Offices:	Renting of office buildings in Oriental Plaza, Beijing, the PRC and Metropolitan Oriental Plaza in Chongqing, the PRC.
Apartments:	Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, Sofitel Shenyang Lido, Shenyang, the PRC, Harbour Plaza Chongqing, Chongqing, the PRC and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

4. SEGMENT REPORTING (continued)

Hui Xian REIT completed two acquisitions of hotels as set out in Note 23 during the year ended 31 December 2017. The Manager has revised the reportable segments and Hui Xian REIT's internal reporting according to the nature of business operations at each property as shown above. The previous operating and reportable segment of "The Chongqing Property" segment has been reallocated to the segments of "Malls" and ''Offices". As a result of the changes to reportable segments and segment presentation, the segment revenue and results and other segment information for the year ended 31 December 2016 and segment assets as at 31 December 2016 has been re-presented to conform to the revised presentation.

(a) Segment revenue and results

For the year ended 31 December 2017

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	**1,279**	**1,228**	**151**	**541**	**3,199**
Segment profit	**947**	**906**	**79**	**142**	**2,074**
Decrease in fair value of investment properties					**(497)**
Finance costs					**(262)**
Depreciation and amortisation					**(332)**
Gain on bargain purchase on acquisition of subsidiaries					**85**
Unallocated income and gain					**1,027**
Unallocated expense					**(153)**
Profit before taxation and transactions with unitholders					**1,942**

4. SEGMENT REPORTING (continued)

(a) Segment revenue and results (continued)

For the year ended 31 December 2016 (restated)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,299	1,189	139	479	3,106
Segment profit	989	877	73	135	2,074
Decrease in fair value of investment properties					(450)
Finance costs					(225)
Depreciation and amortisation					(277)
Increase in fair value of top-up amount asset					3
Unallocated income					197
Unallocated expense and loss					(794)
Profit before taxation and transactions with unitholders					528

The accounting policies of the operating segments are the same as the accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties and top-up amount asset, gain on bargain purchase on acquisition of subsidiaries, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, exchange gain (loss) and certain other income that are not directly related to each segmental activities and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

4. SEGMENT REPORTING (continued)

(b) Segment assets

The following is an analysis of the Group's assets by operating segment:

	2017 RMB million	2016 RMB million (restated)
Malls	**17,378**	17,892
Offices	**15,826**	15,813
Apartments	**2,199**	1,938
Hotels	**4,947**	4,307
Total segment assets	**40,350**	39,950
Bank balances and cash	**7,151**	6,884
Other assets	**108**	106
Consolidated total assets	**47,609**	46,940

For the purposes of monitoring segment performances and resources allocation, all investment properties, land and related costs, inventories, certain bank balances and cash, certain property, plant and equipment (mainly buildings), trade and certain other receivables are allocated to operating segments. Other corporate assets (including remaining bank balances and cash, certain equipment and certain other receivables) are unallocated.

Segment liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the Manager for the purpose of resource allocation and performance assessment.

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in Beijing, Chongqing, Shenyang and Chengdu, the PRC.

The Group did not have any major customers as no single customer contributed more than 10% of the Group's revenue during both years.

(d) Other segment information

For the year ended 31 December 2017

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Depreciation of property, plant and equipment	**2**	**1**	**1**	**7**	**11**
Additions to non-current assets	**33**	**11**	**12**	**24**	**80**
Additions to non-current assets arising from business combinations	**–**	**–**	**–**	**1,131**	**1,131**

4. SEGMENT REPORTING (continued)

(d) Other segment information (continued)

For the year ended 31 December 2016 (restated)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Depreciation of property, plant and equipment	3	2	1	3	9
Additions to non-current assets	24	10	2	6	42

5. REVENUE

	2017 RMB million	2016 RMB million
Gross rental from investment properties	**2,407**	2,423
Income from hotel operation	**541**	479
Income from serviced apartments operation	**151**	139
Rental related income	**100**	65
Total	**3,199**	3,106

The gross rental from investment properties includes contingent rents of RMB10 million (2016: RMB12 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB659 million (2016: RMB630 million).

6. OTHER INCOME

	2017 RMB million	2016 RMB million
Interest income from banks	**269**	193
Government subsidies	**3**	6
Warranty claims	**—**	4
Others	**1**	3
Total	**273**	206

7. OTHER OPERATING EXPENSES

	2017 RMB million	2016 RMB million
Advertising and promotion	**25**	23
Audit fee	**2**	1
Business tax	—	61
Insurance	**6**	6
Lease agency fee	**31**	29
Property manager's fee *(Note 1(a))*	**55**	52
Property management fees	**81**	77
Repairs and maintenance	**95**	91
Other miscellaneous expenses *(Note)*	**165**	148
Stamp duty	**3**	3
Urban land use tax	**3**	3
Urban real estate tax	**302**	214
Utilities	**103**	101
Value added tax surcharges	**17**	13
	888	822

Note: Other miscellaneous expenses comprise mainly cleaning and security expenses, guest supplies and labour service fees.

8. FINANCE COSTS

	2017 RMB million	2016 RMB million
Interest expense on unsecured bank loans wholly repayable within five years	**262**	225

9. MANAGER'S FEES

	2017 RMB million	2016 RMB million
Base fee *(Note 1(c))*	**121**	120
Variable fee *(Note 1(c))*	**34**	44
Acquisition fee *(Note 1(c))*	**5**	—
	160	164

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2017 RMB million	2016 RMB million
Trustee's fee *(Note (1b))*	**4**	4
Legal and professional fees	**12**	4
Public relations — related expenses	**1**	1
Trust administrative expenses and others	**4**	3
	21	12

11. INCOME TAX EXPENSE

	2017 RMB million	2016 RMB million
The income tax expense comprises:		
Current tax		
— PRC Enterprise Income Tax	**460**	450
— Withholding tax	**63**	62
Deferred taxation *(Note 21)*	**(21)**	(85)
	502	427

No provision for Hong Kong profits tax was made as the Group's profits neither arose in, nor was derived from, Hong Kong.

PRC Enterprise Income Tax was provided at the applicable enterprise income tax rate of 15%-25% on the estimated assessable profits of the Group's PRC subsidiaries. Following the Catalogue of Encouraged Industries in Western Region which was promulgated by the National Development and Reform Commission of the PRC in 2014, a subsidiary which is operating in the Chongqing was granted a concessionary tax rate of 15% by the local tax bureau.

The Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to non-PRC tax residents for profits generated after 1 January 2008. The applicable withholding tax rate is 5%. At the end of the reporting period, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

11. INCOME TAX EXPENSE (continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2017 **RMB million**	2016 RMB million
Profit before taxation	**1,942**	528
Tax at the applicable income tax rate of 25%	**486**	132
Tax effect of different tax rates of subsidiaries operating in other regions	**(48)**	76
Tax effect of income not taxable for tax purpose	**(163)**	(18)
Tax effect of expenses not deductible for tax purpose	**161**	173
Deferred tax on earnings of the Group's PRC subsidiaries	**66**	64
Tax charge for the year	**502**	427

12. EARNINGS PER UNIT

The earnings per unit for the year ended 31 December 2017 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB1,456 million by 5,524,131,744 units, being the weighted average number of units in issue during the year of 5,520,028,647 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2017 to 31 December 2017 of 4,103,097 units.

The earnings per unit for the year ended 31 December 2016 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB114 million by 5,426,549,642 units, being the weighted average number of units in issue during the year of 5,421,913,313 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2016 to 31 December 2016 of 4,636,329 units.

No diluted earnings per unit for both 2017 and 2016 were presented as there were no potential dilution of earnings per unit for both 2017 and 2016.

13. INVESTMENT PROPERTIES

	2017	2016
	RMB million	RMB million
FAIR VALUE		
At the beginning of the year	**33,534**	34,060
Additions	**44**	33
Transferred from property, plant and equipment	**2**	—
Transferred from land and related costs	**17**	—
Decrease in fair value recognised in profit or loss	**(497)**	(450)
Transferred to property, plant and equipment	**(26)**	(27)
Transferred to land and related costs	**(93)**	(82)
At the end of the year	**32,981**	33,534

(a) The Group's investment properties held under operating leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.

(b) Investment properties were revalued on 31 December 2017 and 31 December 2016 by D&P China (HK) Limited and Knight Frank Petty Limited, independent valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations respectively. The valuations of properties have been principally arrived at by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the properties. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining terms of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value *(Note)*
Property 1 – office buildings in Oriental Plaza, Beijing	Level 3	Income capitalisation method The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the office buildings, of 6.00% (2016: 6.00%).	The higher the term yield, the lower the fair value
		(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 6.50% (2016: 6.50%).	The higher the reversionary yield, the lower the fair value.
		(3) Monthly term rental	Monthly term rental for each unit is derived from the average of the rental as stated in the existing rental agreements of RMB294/sq.m./month (2016: RMB276/sq.m./month).	The higher the monthly term rental, the higher the fair value.
		(4) Reversionary rental	Reversionary rental is derived from the average of the rental as stated in the new rental agreements of RMB315/sq.m./month (2016: RMB316/sq.m./month).	The higher the reversionary rental, the higher the fair value.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value *(Note)*
Property 2 – shopping mall in Oriental Plaza, Beijing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the shopping mall, of 6.00% (2016: 6.00%).	The higher the term yield, the lower the fair value.
		(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 6.50% (2016: 6.50%).	The higher the reversionary yield, the lower the fair value.
		(3) Monthly term rental	Monthly term rental for each unit is derived from the average of rental as stated in the existing rental agreements with an average of RMB1,134/sq.m./month (2016: RMB1,120/sq.m./month).	The higher the monthly term rental, the higher the fair value.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value *(Note)*
		(4) Reversionary rental	Reversionary rental is derived from the average of the rental as stated in the new rental agreements RMB1,149/sq.m./month (2016: RMB1,227/sq.m./month).	The higher the reversionary rental, the higher the fair value.
Property 3 – car parking spaces in Oriental Plaza, Beijing	Level 3	Income capitalisation method The key inputs are		
		(1) Gross yield	Gross yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties, of 7.00% (2016: 7.00%).	The higher the gross yield, the lower the fair value.
		(2) Monthly average rental	Monthly average rental is derived from the average of the rental as stated in the existing rental agreements with an average of RMB1,545/space/month (2016: RMB1,497/space/month).	The higher the monthly average rental, the higher the fair value.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value *(Note)*
Property 4 – office in Metropolitan Oriental Plaza, Chongqing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the office, of 6.25% (2016: 6.25%).	The higher the term yield, the lower the fair value
		(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 6.75% (2016: 6.75%).	The higher the reversionary yield, the lower the fair value.
		(3) Monthly term rental	Monthly term rental for each unit is derived from the average of the gross rental as stated in the existing rental agreements of RMB123/sq.m./month (2016: RMB125/sq.m./month).	The higher the monthly term rental, the higher the fair value.
		(4) Reversionary rental	Reversionary rental is derived from the average of the gross rental as stated in the new rental agreements of RMB128/sq.m./month (2016: RMB132/sq.m./month).	The higher the reversionary rental, the higher the fair value.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value *(Note)*
Property 5 – shopping mall in Metropolitan Oriental Plaza, Chongqing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the shopping mall, of 6.25% (2016: 6.25%).	The higher the term yield, the lower the fair value.
		(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 6.75% (2016: 6.75%).	The higher the reversionary yield, the lower the fair value.
		(3) Monthly term rental	Monthly term rental for each unit is derived from the average of gross rental as stated in the existing rental agreements with an average of RMB173/sq.m./month (2016: RMB186/sq.m./month).	The higher the monthly term rental, the higher the fair value.
		(4) Reversionary rental	Reversionary rental is derived from the average of the gross rental as stated in the new rental agreements RMB244/sq.m./month (2016: RMB254/sq.m./month).	The higher the reversionary rental, the higher the fair value.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value *(Note)*
Property 6 – car parking spaces in Metropolitan Oriental Plaza, Chongqing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Gross yield	Gross yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties, of 7.50% (2016: 7.50%).	The higher the gross yield, the lower the fair value.
		(2) Monthly average rental	Monthly average rental is derived from the average of the rental as stated in the existing rental agreements with an average of RMB695/space/month (2016: RMB748/space/month).	The higher the monthly average rental, the higher the fair value

Note: There is no indication that any slight change in the unobservable inputs would result in significant higher or lower fair value measurement.

13. INVESTMENT PROPERTIES (continued)

(b) (continued)

The fair values of all investment properties at 31 December 2017 and 31 December 2016 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy.

There were no transfers into or out of Level 3 during the year.

Fair value measurements and valuation processes

In estimating the fair value of the Group's investment properties, the Group used market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Manager works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Manager.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed above.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings					
	Hotels RMB million	Serviced apartments RMB million	Others RMB million	Plant and machinery RMB million	Others RMB million	Total RMB million
COST						
At 1 January 2016	2,115	579	—	152	70	2,916
Additions for the year	—	—	—	3	8	11
Disposals for the year	—	—	—	(5)	(5)	(10)
Transferred from investment properties	—	—	27	—	—	27
At 31 December 2016	**2,115**	**579**	**27**	**150**	**73**	**2,944**
Additions for the year	**6**	**10**	**—**	**7**	**14**	**37**
Disposals for the year	**(2)**	**—**	**—**	**(1)**	**(13)**	**(16)**
Acquired on acquisition of subsidiaries (*Note 23*)	**455**	**—**	**—**	**22**	**15**	**492**
Adjustments	**—**	**—**	**—**	**1**	**67**	**68**
Transferred from hotels to serviced apartments	**(137)**	**137**	**—**	**—**	**—**	**—**
Transferred from investment properties	**—**	**—**	**26**	**—**	**—**	**26**
Transferred to investment properties	**—**	**—**	**(2)**	**—**	**—**	**(2)**
At 31 December 2017	**2,437**	**726**	**51**	**179**	**156**	**3,549**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2016	592	86	—	63	14	755
Provided for the year	114	19	1	14	10	158
Eliminated on disposals	—	—	—	(5)	(5)	(10)
At 31 December 2016	**706**	**105**	**1**	**72**	**19**	**903**
Provided for the year	**128**	**25**	**2**	**14**	**11**	**180**
Adjustments	**—**	**—**	**—**	**1**	**67**	**68**
Eliminated on disposals	**(1)**	**—**	**—**	**—**	**(9)**	**(10)**
Transferred from hotels to serviced apartments	**(32)**	**32**	**—**	**—**	**—**	**—**
At 31 December 2017	**801**	**162**	**3**	**87**	**88**	**1,141**
CARRYING AMOUNTS						
At 31 December 2017	**1,636**	**564**	**48**	**92**	**68**	**2,408**
At 31 December 2016	1,409	474	26	78	54	2,041

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method on the following basis:

Buildings	3.1% – 20% per annum
Plant and machinery	5% – 18% per annum
Others (comprising of furniture and fixtures and computer equipment)	18% – 33% per annum

Buildings, which are situated in Beijing, Chongqing, Shenyang and Chengdu, the PRC are held under medium-term leases.

The valuation of Buildings and Land were performed on 31 December 2017 and 31 December 2016 by D&P China (HK) Limited and Knight Frank Petty Limited, independent valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations respectively. The Manager determined that no impairment was made to Buildings and Land.

15. LAND AND RELATED COSTS

The carrying amount of prepaid lease payments and other related costs for land use rights held in the PRC under medium-term leases is analysed as follows:

	2017 RMB million	2016 RMB million
Non-current asset	**4,484**	3,974
Current asset	**172**	130
	4,656	4,104

16. INVENTORIES

	2017 RMB million	2016 RMB million
Food and beverage	**6**	6
Other consumables	**22**	20
	28	26

17. TRADE AND OTHER RECEIVABLES

	2017 **RMB million**	2016 RMB million
Trade receivables	**33**	44
Deposits and prepayments	**18**	19
Advance to suppliers	**7**	19
Interest receivables	**56**	25
Top-up amount receivable *(Note 24)*	**—**	42
Other receivables	**19**	14
	133	163

Aging analysis of the Group's trade receivables by invoice dates at the end of the reporting period is as follows:

	2017 **RMB million**	2016 RMB million
Less than or equal to 1 month	**29**	35
1 – 3 months	**3**	2
Over 3 months	**1**	7
	33	44

There is no credit period given on billing for rental properties, including malls, offices, apartments and hotels, except that a maximum credit period of 30 days (2016: 30 days) is granted to the travel agencies and corporate customers of the hotels. Interest is charged immediately on overdue balance at the rates of 0.05% to 0.3% (2016: 0.05% to 0.3%) per day.

Hotel revenue is normally settled by cash or credit card.

Included in the Group's trade receivable balances are debtors with a carrying amount of RMB10 million as at 31 December 2017 (2016: RMB13 million) which were past due at the end of the reporting period on which the Group did not provide for doubtful debts as there were no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these past due receivables is 36 days at 31 December 2017 (2016: 63 days).

Trade and other receivables are denominated in RMB.

18. BANK BALANCES AND CASH

	2017 RMB million	2016 RMB million
Cash at bank or on hand	**1,871**	3,777
Time deposits (with original maturity of three months or less)	**616**	1,033
Cash and cash equivalents	**2,487**	4,810
Time deposits (with original maturity of more than three months)	**4,914**	2,262
Total	**7,401**	7,072
Average interest rate per annum is as follows:		
Bank deposits – Time deposits	**1.82% to 4.80%**	1.82% to 8.40%

Bank balances and cash are denominated in the following currencies:

	2017 RMB million	2016 RMB million
RMB	**7,361**	7,035
Hong Kong Dollars (“HK$”)	**35**	35
United States Dollars (“US$”)	**5**	2
	7,401	7,072

19. TRADE AND OTHER PAYABLES

	2017 RMB million	2016 RMB million
Trade payables	**73**	73
Rental received in advance	**218**	218
Others *(Note)*	**204**	235
	495	526

Note: Others comprise mainly accrued salaries, accrued staff welfare and certain operating expense payables.

Aging analysis of the Group's trade payables by invoice dates at the end of the reporting period is as follows:

	2017 RMB million	2016 RMB million
Less than or equal to 3 months	**59**	45
Over 3 months	**14**	28
	73	73

Trade and other payables are denominated in the following currencies:

	2017 RMB million	2016 RMB million
HK$	**13**	12
RMB	**482**	514
	495	526

20. BANK LOANS

	2017 RMB million	2016 RMB million
Unsecured term loans	**11,013**	10,891
Loan front-end fee	**(44)**	(75)
	10,969	10,816

The maturities of the above bank loans are as follows:

	2017 RMB million	2016 RMB million
Within one year	**5,009**	893
More than one year but not exceeding two years	**1,603**	6,399
More than two years but not exceeding five years	**4,357**	3,524
	10,969	10,816
Less: Amounts shown under current liabilities	**(5,009)**	(893)
Amounts due after one year	**5,960**	9,923

In relation to the credit facility of HK$1,000 million (equivalent to RMB836 million) granted to the Group on 9 January 2017 to finance the general corporate funding requirements of the Group, including but not limited to the funding for repayment of any amounts outstanding under existing loan facilities and financing acquisitions of subsidiaries by Hui Xian REIT, the total amount of the credit facility utilised by the Group as at 31 December 2017 was HK$1,000 million (equivalent to RMB836 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.85% per annum and is repayable in full in February 2020.

In relation to the credit facility of HK$800 million (equivalent to RMB669 million) granted to the Group on 27 April 2017 to refinance the credit facility granted by the same lenders in May 2014, the total amount of the credit facility utilised by the Group as at 31 December 2017 was HK$800 million (equivalent to RMB669 million) (31 December 2016: HK$800 million (equivalent to RMB716 million)). It bears interest at floating interest rate of HIBOR plus 0.80% per annum and is repayable in full in May 2020.

In relation to the credit facility of HK$1,200 million (equivalent to RMB1,003 million) granted to the Group on 14 December 2017 to refinance the credit facility granted by the same lenders in December 2014, the total amount of the credit facility utilised by the Group as at 31 December 2017 was HK$1,200 million (equivalent to RMB1,003 million) (31 December 2016: HK$1,200 million (equivalent to RMB1,073 million)). It bears interest at floating interest rate of HIBOR plus 1.05% per annum and is repayable in full in December 2022.

20. BANK LOANS (continued)

In relation to the credit facility of HK$200 million (equivalent to RMB167 million) granted to the Group on 19 December 2013 (as amended by supplemental letters dated 9 December 2014, 31 December 2015 and 19 December 2017) to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2017 was HK$200 million (equivalent to RMB167 million) (2016: HK$200 million (equivalent to RMB179 million)). It bears interest at floating interest rate of HIBOR plus 1.30% per annum and is repayable in full in December 2019.

Bank loans are guaranteed by the Trustee (in its capacity as Trustee of Hui Xian REIT) and certain subsidiaries of the Group. The weighted average effective interest rate on the bank loans is 2.3% (2016: 2.2%) per annum.

21. DEFERRED TAX LIABILITIES

The following are the major components of deferred tax liabilities recognised and movements therein during the year:

	Others RMB million *(Note)*	Fair value of investment properties RMB million	Withholding tax on retained profits to be distributed RMB million	Total RMB million
At 1 January 2016	2,207	5,059	69	7,335
Charge (credit) to profit or loss *(Note 11)*	25	(112)	64	(23)
Release upon distribution of earnings *(Note 11)*	—	—	(62)	(62)
At 31 December 2016	**2,232**	**4,947**	**71**	**7,250**
Charge (credit) to profit or loss *(Note 11)*	**19**	**(43)**	**66**	**42**
Additions through acquisition of subsidiaries	**155**	**—**	**—**	**155**
Release upon distribution of earnings *(Note 11)*	**—**	**—**	**(63)**	**(63)**
At 31 December 2017	**2,406**	**4,904**	**74**	**7,384**

Note: Others represented the fair value adjustment on recognised assets and liabilities upon business combination and accelerated tax depreciation.

22. UNITS IN ISSUE

As at 31 December 2017, Hui Xian REIT had 5,586,412,489 (2016: 5,462,193,939) issued units.

During the year, movements of units in issue are as below:

	Number of units	RMB million
Balance at 1 January 2016	5,378,973,852	27,196
Payment of Manager's fees through issuance of new units during the year *(Note (i))*	37,321,793	122
Units issued pursuant to the distribution reinvestment arrangement in respect of 2015 final and 2016 interim distributions *(Note (ii))*	45,898,294	145
Balance at 31 December 2016	**5,462,193,939**	**27,463**
Payment of Manager's fees through issuance of new units during the year *(Note (i))*	**37,386,579**	**115**
Units issued pursuant to the distribution reinvestment arrangement in respect of 2016 final and 2017 interim distributions *(Note (ii))*	**86,831,971**	**262**
Balance at 31 December 2017	**5,586,412,489**	**27,840**

Note:

(i) Details of units issued during the year as payment of Manager's fees are as follows:

For the year ended 31 December 2017

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
11 April 2017	1 July 2016 to 31 December 2016	3.08	**18,591,696**
25 August 2017	1 January 2017 to 30 June 2017	3.08	**18,794,883**
			37,386,579

For the year ended 31 December 2016

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
14 April 2016	1 July 2015 to 31 December 2015	3.11	20,204,574
22 August 2016	1 January 2016 to 30 June 2016	3.43	17,117,219
			37,321,793

22. UNITS IN ISSUE (continued)

Note: (continued)

(ii) On 22 May 2017, 42,707,695 scrip units at an issue price of RMB3.02 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2016 final distribution.

On 28 September 2017, 44,124,276 scrip units at an issue price of RMB3.02 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2017 interim distribution.

On 23 May 2016, 29,499,170 scrip units at an issue price of RMB3.05 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2015 final distribution.

On 29 September 2016, 16,399,124 scrip units at an issue price of RMB3.36 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2016 interim distribution.

23. ACQUISITIONS OF SUBSIDIARIES

During the year ended 31 December 2017, Hui Xian REIT acquired Highsmith HK Group and Chengdu Investment Group, detailed information is illustrated below:

(a) On 28 February 2017, the Group completed the acquisition of Harbour Plaza Chongqing through acquisition of the entire issued share capital of Highsmith HK from Highsmith Limited, which was indirectly wholly-owned by CK Asset Holdings Limited (“CK Asset”) (formerly known as Cheung Kong Property Holdings Limited), a connected and related party of the Group, at a consideration of RMB256 million. Highsmith HK holds the entire equity interests in Chongqing Hotel Company which operates Harbour Plaza Chongqing. This transaction has been accounted for as a business combination using acquisition accounting. Upon completion of the acquisition, Highsmith HK became a wholly-owned subsidiary of the Group. After re-assessment by the Manager, the fair value of net identifiable assets exceeded the purchase consideration, resulting in a bargain purchase gain of RMB85 million. The Manager considers that the gain is resulted from an attractive consideration after negotiations between the Group and CK Asset.

23. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) (continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB million
Property, plant and equipment	97
Land and related costs	312
Trade and other receivables, deposits and prepayments	3
Inventories	1
Bank balances and cash	11
Trade and other payables	(9)
Deferred tax liabilities	(74)
Total	341
Gain on bargain purchase on acquisition of subsidiaries	(85)
Consideration, satisfied by cash	256
Net cash outflow arising on acquisition:	
Consideration paid in cash	256
Less: bank balances and cash acquired	(11)
Total	245

Included in profit for the year, before transactions with unitholders is a profit of RMB62 million (including the gain on bargain purchase of RMB85 million) attributable to the business combination of the Highsmith HK Group. Revenue for the year includes RMB35 million generated from Highsmith HK Group.

If the above acquisition had been completed on 1 January 2017, the Group's total revenue for the year would have been RMB3,206 million, and profit for the year, before transactions with unitholders would have been RMB1,435 million. The proforma information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

Acquisition-related costs amounting to RMB5 million have been excluded from the consideration transferred and have been recognised as expense in the current year, are included in "other operating expenses" and "manager's fees" on the face of the consolidated statement of comprehensive income.

23. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) On 8 March 2017, the Group completed the acquisition of 69% interest in Sheraton Chengdu Lido Hotel through acquisition of the entire issued share capital of Chengdu Investment from Yick Ho Limited, which was indirectly wholly-owned by CK Asset, a connected and related party of the Group, at a consideration of RMB276 million. Chengdu Investment is the foreign joint venture party owning 69% equity interest in Chengdu Changtian Co., Ltd. ("Chengdu Changtian"), a sino-foreign co-operative joint venture enterprise established in the PRC which operates Sheraton Chengdu Lido Hotel. The transaction has been accounted for as a business combination using acquisition accounting. Upon completion of the acquisition, Chengdu Changtian became a non-wholly owned subsidiary controlled by the Group.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB million
Property, plant and equipment	395
Land and related costs	327
Trade and other receivables, deposits and prepayments	3
Inventories	1
Bank balances and cash	29
Trade and other payables	(15)
Loans from a connected party	(262)
Deferred tax liabilities	(81)
Total	397
Non-controlling interests	(123)
Goodwill arising on acquisition	2
Consideration, satisfied by cash	276

Simultaneous with completion of the acquisition, the Group purchased the loans owed by Chengdu Changtian to a connected and related party of the Group, Huge Grace Enterprises Limited ("Huge Grace"), which is indirectly wholly-owned by CK Asset, with principal amount together with accrued interests after tax totaled to approximately HK$295 million (equivalent to RMB262 million).

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of fair values of the acquirees' net assets at the acquisition date amounted to RMB397 million.

	RMB million
Net cash outflow arising on acquisition:	
Consideration paid in cash	276
Less: bank balances and cash acquired	(29)
Total	247

23. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) – (continued)

Included in profit for the year, before transactions with unitholders is a loss of RMB5 million attributable to the business combination of the Chengdu Investment Group. Revenue for the year includes RMB65 million generated from Chengdu Investment Group.

If the above acquisition had been completed on 1 January 2017, the Group's total revenue for the year would have been RMB3,214 million, and profit for the year, before transactions with unitholders would have been RMB1,439 million. The proforma information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

Acquisition-related costs amounting to RMB6 million have been excluded from the consideration transferred and have been recognised as expense in the current year, are included in "other operating expenses" and "manager's fees" on the face of the consolidated statement of comprehensive income.

In determining the proforma profit of the Group had Highsmith HK Group and Chengdu Investment Group been acquired at the beginning of the current year, the Manager has calculated depreciation/amortisation of plant and equipment and land and related costs acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

The fair values of the property, plant and equipment and land and related costs of Highsmith HK Group and Chengdu Investment Group at the respective dates of acquisitions have been arrived at on the basis of valuations carried out on the respective dates by D&P China (HK) Limited, a firm of independent and qualified professional valuers. The valuations of the property, plant and equipment and land and related costs were principally based on income approach by the projection of a series of periodic cash flows generated from the hotel operations of Highsmith HK Group and Chengdu Investment Group.

The Manager considers that the acquisitions offer a good opportunity to expand the properties investment portfolio of Hui Xian REIT, which are expected to bring in returns to the unitholders in the long run.

Highsmith Limited, Yick Ho Limited and Huge Grace are associated companies of Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman"), a significant unitholder of Hui Xian REIT and are subsidiaries of CK Asset.

24. TOP-UP AMOUNT ASSET

On 2 March 2015, the Group completed the acquisition of Metropolitan Oriental Plaza through acquisition of the entire equity interest in Chongqing Investment Limited ("Chongqing Investment"). Pursuant to the agreement, Cheerjoy Limited ("Cheerjoy") and Joinpower Holdings Ltd. ("Joinpower") as the vendors have guaranteed the Group that the Chongqing Company's Total Income (as defined in the agreement) shall not be less than RMB299.28 million per annum ("Guaranteed Income Level") in respect of five financial years ending 31 December 2015, 2016, 2017, 2018 and 2019 ("Relevant Period"). The total top-up amount is subject to a maximum amount of RMB100 million for the Relevant Period.

24. TOP-UP AMOUNT ASSET (continued)

The top-up amount received from Cheeryjoy and Joinpower in respect of the twelve months ended 31 December 2016, which represents the shortfall of the Total Income and Guaranteed Income Level of the Chongqing Company, was RMB42 million. As at 31 December 2016, the total amount receivable in respect of the financial year ended 31 December 2015 and 2016 has reached the maximum amount of RMB100 million and accordingly the top-up amount asset had no value as at 31 December 2016.

Top-up amount asset was accounted for as a financial derivative and was measured at fair value at 31 December 2016. The Group applied a valuation model that has taken into account the expected future cash flows based on market rents and discount rate. A fair value gain of RMB3 million was credited to the consolidated statement of comprehensive income during the year ended 31 December 2016.

Cheerjoy and Joinpower are associated companies of Hui Xian Cayman, a significant unitholder of Hui Xian REIT and are subsidiaries of CK Asset.

25. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 31 December 2017 of RMB26,783 million (2016: RMB26,439 million) and the total number of 5,586,412,489 units in issue as at 31 December 2017 (2016: 5,462,193,939 units).

26. NET CURRENT ASSETS

At the end of the reporting period, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB1,092 million (2016: RMB4,772 million).

27. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB40,967 million (2016: RMB44,321 million).

28. CAPITAL RISK MANAGEMENT

The Group manages its capital with the objective of assuring its ability to continue as a going concern while providing reasonable and stable returns to unitholders and generating benefits to other stakeholders. The Group considers the cost of capital and the risk associated with the capital. The Manager regularly reviews its capital management strategy to accommodate the Group's investment opportunities and strategies.

The Group is also subject to external capital requirements imposed by the REIT Code. The Group has to maintain a level of borrowings that shall not exceed 45% of the total gross asset value (the "gearing ratio") as required by the REIT Code. As at 31 December 2017, the Group's gearing ratio is 23.0% (2016: 23.0%), being bank loans divided by total assets of the Group.

29. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 RMB million	2016 RMB million
Financial assets		
Loans and receivables	**108**	125
Trade and other receivables	**7,401**	7,072
Bank balances and cash	**7,509**	7,197
Financial liabilities		
Amortised cost		
Trade and other payables	**277**	308
Manager's fee payable *(Note)*	**21**	24
Distribution payable	**728**	718
Bank loans	**10,969**	10,816
	11,995	11,866
Unitholders' funds	**26,783**	26,439

Note: The balance excludes Manager's fee payable of RMB51 million (2016: RMB57 million) to be settled in units.

b. Financial risk management objectives and policies

The risks associated with the Group's financial instruments include interest rate risk, foreign currency risk, credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The Manager manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances *(Note 18)* and variable-rate bank loans *(Note 20)*. The Manager considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of deposit interest rate and therefore excluded from the sensitivity analysis below.

The Group currently does not have an interest rate hedging policy. However, the Manager monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

29. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the variable-rate bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2016: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2017 would decrease/increase by RMB55 million (2016: RMB54 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans.

Foreign currency risk

The Group collected all of its revenue in RMB and most of the expenditures including expenditure incurred in property investment as well as capital expenditure are also denominated in RMB.

The Group undertook certain transactions (including financing arrangements) in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group currently does not have a foreign currency hedging policy. However, the Manager monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2016 and 2017, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	2017 **RMB million**	2016 RMB million
Assets		
HK$	**35**	35
US$	**5**	2
Liabilities		
HK$	**10,982**	10,828

For the monetary assets and monetary liabilities denominated in US$ since the amounts are not material, the Manager considers the exposure of exchange rate fluctuation is not significant for the year. Accordingly, no foreign currency sensitivity analysis is disclosed in the consolidated financial statements.

The Group mainly exposes to foreign exchange fluctuation of HK$ against RMB.

29. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the HK$. The sensitivity analysis includes only outstanding HK$ denominated monetary items and adjusts their translation at the year end for a 5% change in HK$. 5% is the sensitivity rate used when reporting foreign risk internally to key management personnel and represents the Manager's assessment of the reasonably possible change in HK$. There will be an increase in profit for the year where the RMB strengthens against the HK$. For a 5% weakening of RMB against the HK$, there would be an equal and opposite impact on the profit for the year.

	2017 **RMB million**	2016 RMB million
HK$		
Profit for the year	**547**	540

The Manager considers the sensitivity analysis is unrepresentative of foreign currency risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position best represent the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

To mitigate the risk of financial loss from default, tenants of the rental properties are required to pay two to three months deposits upon entering into leases with the Group. The Group has the right to offset the deposits against the outstanding receivables should the tenants default rental payments.

There is no credit period given to the tenants of the rental properties. Rental is payable in advance and interest is charged immediately on overdue balance at the rates ranging from 0.05% to 0.3% (2016: 0.05% to 0.3%) per day. In addition, the Manager is responsible for follow up action to recover the overdue debt. The Manager also reviews the recoverable amount of each individual trade debtor regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

There is a maximum credit period of 30 days (2016: 30 days) granted to corporate customers and travel agents of the hotels. The Group has no significant concentration of credit risk over these debtors, with exposure spread over a number of counterparties and customers. The Manager reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for all trade debtors as at 31 December 2017 and 31 December 2016.

The credit risk on liquid funds is limited because cash and bank deposits are placed with reputable financial institutions which are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

29. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. As at 31 December 2017, the Group had net current assets of RMB1,092 million (2016: RMB4,772 million). Taking into account of the internally generated funds and bank loans, the Group will be able to meet its financial obligation when they fall due.

During the year, the revolving credit facilities of RMB1,300 million granted by Hui Xian Holdings was renewed by a US$180 million (equivalent to RMB1,170 million) revolving credit facility in November 2017. No revolving credit facilities was utilised by the Group as at 31 December 2016 and 2017.

Liquidity risk analysis

The following table details the Group's remaining contractual maturity for its financial liabilities and tenants' deposits based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate %	On demand or less than 3 months RMB million	3 months to 1 year RMB million	1 year to 2 years RMB million	Over 2 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 31 December 2017 RMB million
Non-derivative financial liabilities							
Trade and other payables	–	277	–	–	–	277	277
Tenants' deposits	–	142	150	199	291	782	782
Manager's fee payable	–	21	–	–	–	21	21
Distribution payable	–	–	728	–	–	728	728
Bank loans	2.30	4,240	943	1,725	4,509	11,417	10,969
		4,680	1,821	1,924	4,800	13,225	12,777

	Weighted average interest rate %	On demand or less than 3 months RMB million	3 months to 1 year RMB million	1 year to 2 years RMB million	Over 2 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 31 December 2016 RMB million
Non-derivative financial liabilities							
Trade and other payables	–	308	–	–	–	308	308
Tenants' deposits	–	120	180	163	303	766	766
Manager's fee payable	–	24	–	–	–	24	24
Distribution payable	–	–	718	–	–	718	718
Bank loans	2.20	57	1,057	6,544	3,650	11,308	10,816
		509	1,955	6,707	3,953	13,124	12,632

29. FINANCIAL INSTRUMENTS (continued)

c. Fair value

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated statement of financial position approximate to their fair values at the end of each reporting period.

30. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the PRC subsidiaries are required to participate in a defined contribution retirement scheme administered by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group recognised the retirement benefit costs of RMB12 million for the year ended 31 December 2017 (2016: RMB10 million).

31. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group as the lessor had contracted with tenants for the following future minimum lease payments:

	2017 **RMB million**	2016 RMB million
Within one year	**2,084**	1,998
In the second to fifth year inclusive	**3,103**	3,006
Over five years	**81**	203
Total	**5,268**	5,207

The Group rents out its properties in the PRC under operating leases. Operating lease income represents rentals receivable by the Group for its properties. Leases are negotiated for term ranging from 1 month to 15 years (2016: 1 month to 10 years) with monthly fixed rental, except for certain leases of the malls of which contingent rents are charged based on the percentage of sales ranged from 1.5% to 25% (2016: 3% to 33%).

32. CAPITAL COMMITMENTS

	2017 RMB million	2016 RMB million
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**65**	19

33. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with connected and related parties:

Name of Connected/Related Party	*Notes*	2017 RMB'000	2016 RMB'000
Rent and rental related income			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	*(a)*	**4,017**	3,982
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	*(a)*	**1,696**	2,350
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	*(a)*	**733**	705
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	*(a)*	**3,588**	12,660
Cheung Kong (Holdings) Limited Beijing Office	*(a)*	**92**	88
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	*(a)*	**93**	90
北京雷霆萬鈞網路科技有限責任公司 (Beijing Lei Ting Wan jun Network Technology Company Limited*)	*(a)*	**1,228**	—
北京雷霆無極網路科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	*(a)*	**816**	—
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	*(a)*	**1,054**	—
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	*(a)*	**55**	—
諾定（中國）投資有限公司 (TOM.COM (China) Investment Limited*)	*(a)*	**55**	—

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2017 RMB'000	2016 RMB'000
香港TOM集團國際有限公司北京代表處			
(TOM Group International Limited Beijing Representative Office*)	(a)	**38**	—
森棟乙（北京）科技有限公司			
(Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	**55**	—
和記黃埔地產(重慶兩江新區)有限公司			
(Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	**555**	557
和記黃埔地產(重慶南岸)有限公司			
(Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	**2,580**	2,563
和記黃埔地產(重慶經開園)有限公司			
(Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	**314**	306
和記黃埔地產管理有限公司重慶分公司			
(Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	**48**	—
北京寶苑房地產開發有限公司			
(Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	**985**	1,495
北京長樂房地產開發有限公司			
(Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	**987**	670
北京港基世紀物業管理有限公司			
(Beijing Citybase Century Property Management Ltd.*)	(b)	**1,790**	1,674
北京高衛世紀物業管理有限公司			
(Beijing Goodwell Century Property Management Ltd.*)	(b)	**1,909**	1,786
北京穩得高投資顧問有限公司			
(Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	**64**	58
重慶東廣飯店有限公司			
(Chongqing Oriental Plaza Hotel Co., Ltd*#)	(d)	**84**	606
李嘉誠基金會(香港)北京辦事處			
(Li Ka Shing Foundation (Hong Kong) Beijing Office*)	(c)	**2,045**	2,542
北京匯賢企業管理有限公司			
(Beijing Hui Xian Enterprise Services Limited*)	(f)	**444**	439
萊坊房地產經紀(上海)有限公司北京分公司			
(Knight Frank (Shanghai) Property Consultants Limited Beijing Branch*)	(h)	**—**	1,833
德意志銀行(中國)有限公司重慶分行			
(Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(i)	**1,148**	1,125
Bank of China Limited	(j)	**28,056**	27,329
香港貿易發展局			
(The Hong Kong Trade Development Council*)	(k)	**353**	—
香港貿易發展局北京辦事處			
(The Hong Kong Trade Development Council Beijing Office*)	(k)	**150**	—
Public utility charges			
重慶東廣飯店有限公司			
(Chongqing Oriental Plaza Hotel Co., Ltd*#)	(d) & (m)	**183**	1,041

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2017 RMB'000	2016 RMB'000
Hotel room revenue			
廣州飛機維修工程有限公司			
(Guangzhou Aircraft Maintenance Engineering Company Limited*)	(a)	2	—
和記地產集團有限公司			
(Hutchison Property Group Limited*)	(b)	1	—
和記黃埔地產管理有限公司重慶分公司			
(Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	87	—
和記黃埔地產(重慶南岸)有限公司			
(Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	57	—
家利物業管理（深圳）有限公司			
(Cayley Property Management (Shenzhen) Limited*)	(b)	4	—
家利物業管理（重慶）有限公司珊瑚水岸分公司			
(Cayley Property Management (Chongqing) Ltd-Cape Coral Branch*)	(b)	6	—
家利物業管理（重慶）有限公司逸翠莊園分公司			
(Cayley Property Management (Chongqing) Ltd-Noble Hills Branch*)	(b)	6	—
北京寶苑房地產開發有限公司			
(Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	29	—
Hui Xian Asset Management Limited	(e)	14	—
北京匯賢企業管理有限公司			
(Beijing Hui Xian Enterprise Services Limited*)	(f)	331	—
香港貿易發展局			
(The Hong Kong Trade Development Council*)	(k)	—^	—
香港貿易發展局成都辦事處			
(The Hong Kong Trade Development Council Chengdu Office*)	(k)	249	—
南京大學			
(Nanjing University*)	(k)	—^	—
中國人壽富蘭克林資產管理有限公司			
(China Life Franklin Asset Management Co. Limited*)	(n)	4	—
中國人壽資產管理有限公司			
(China Life Asset Management Co. Limited*)	(n)	9	—
中銀城市發展資產管理(上海)有限公司			
(Bank of China Assets Management (Shanghai) Co Ltd*)	(p)	1	—
中國文化產業投資基金管理有限公司			
(China Cultural Industry Investment Fund Management Co., Ltd.*)	(p)	4	—
中信証券股份有限公司			
(CITIC Securities Company Limited*)	(r)	73	—
中信期貨有限公司			
(CITIC Futures Co., Ltd.*)	(r)	2	—
中信金石基金管理有限公司			
(CITIC GoldStone Fund Management Company Limited*)	(r)	1	—
青島金石灝汭投資有限公司			
(Qingdao GoldStone Haorui Investment Company Limited*)	(r)	1	—
金石投資有限公司			
(Goldstone Investment Co., Ltd.*)	(r)	1	—

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2017 RMB'000	2016 RMB'000
華夏基金管理有限公司 (China Asset Management Co., Ltd.*)	*(r)*	**37**	—
華夏基金(香港)有限公司 (China Asset Management (Hong Kong) Limited*）	*(r)*	**3**	—
Food & beverages and other hotel income			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	*(a)*	**11**	—
北京雷霆萬鈞網路科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	*(a)*	**2**	—
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	*(b)*	**5**	—
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	*(b)*	**209**	—
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	*(b)*	**238**	—
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	*(b)*	**4**	—
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	*(b)*	**17**	—
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	*(b)*	**60**	—
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	*(b)*	**82**	—
家利物業管理（深圳）有限公司 (Cayley Property Management (Shenzhen) Limited*)	*(b)*	**6**	—
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	*(b)*	**6**	—
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	*(c)*	**1**	—
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	*(f)*	**111**	—
Bank of China Limited	*(j)*	**159**	—
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	*(k)*	**1**	—
復旦大學 (Fudan University*)	*(k)*	**10**	—
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	*(l)*	**68**	—
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	*(o)*	**1**	—
國壽安保基金管理有限公司 (China Life AMP Asset Management Co., Ltd*)	*(o)*	**—^**	—

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2017 RMB'000	2016 RMB'000
中銀集團投資有限公司			
(Bank of China Group Investment Limited*)	(p)	**2**	—
中國文化產業投資基金管理有限公司			
(China Cultural Industry Investment Fund Management Co., Ltd.*)	(p)	**—^**	—
大連達連房地產開發有限公司			
(Dalian Dalian Property Development Co., Ltd.*)	(q)	**28**	—
中信証券股份有限公司			
(CITIC Securities Company Limited*)	(r)	**37**	—
中信期貨有限公司			
(CITIC Futures Co., Ltd.*)	(r)	**4**	—
中信金石基金管理有限公司			
(CITIC GoldStone Fund Management Company Limited*)	(r)	**—^**	—
中信併購基金管理有限公司			
(CITIC Buyout Fund Management Company Limited*)	(r)	**—^**	—
華夏基金管理有限公司			
(China Asset Management Co., Ltd.*)	(r)	**11**	—
Interest income from banks			
Bank of China Limited	(j)	**13,948**	19,007
Bank of China (Hong Kong) Limited	(j)	**32**	128
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(e)	**1,169**	640
Warranty claims			
Joinpower Holdings Ltd	(b)	**—**	2,196
Cheerjoy Limited	(b)	**—**	2,196
Property management fee			
北京港基世紀物業管理有限公司			
(Beijing Citybase Century Property Management Ltd.*)	(b)	**17,182**	15,764
北京高衛世紀物業管理有限公司			
(Beijing Goodwell Century Property Management Ltd.*)	(b)	**20,258**	19,982
家利物業管理(深圳)有限公司			
(Cayley Property Management (Shenzhen) Limited*)	(b)	**24,742**	24,740
海逸酒店管理有限公司			
(Harbour Plaza Hotel Management Limited*)	(b)	**593**	—
重慶東廣飯店有限公司			
(Chongqing Oriental Plaza Hotel Co., Ltd*#)	(d)	**149**	70

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	*Notes*	**2017 RMB'000**	2016 RMB'000
Internet services fee			
CK Asset Holdings Limited	*(b)*	**18**	16
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	*(a)*	**319**	—
Beverages			
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food and Beverages Company Limited Beijing Beverages Branch*)	*(a)*	**405**	469
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	*(a)*	**1,162**	646
Hotel services			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*#)	*(d)*	**54**	98
Hutchison Hotel Hong Kong Limited	*(b)*	**—**	100
Harbour Grand Hong Kong Catering Limited	*(a)*	**146**	—
Leasing expenses			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*#)	*(d)*	**30**	256
Transitional administrative service fee			
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	*(b)*	**—**	46
Trademark license fee			
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	*(b)*	**30**	—
和記黃埔企業有限公司 (Hutchison Whampoa Enterprises Limited*)	*(a) & (s)*	**—**	—
Commission expenses			
萊坊房地產經紀(上海)有限公司北京分公司 (Knight Frank (Shanghai) Property Consultants Limited Beijing branch*)	*(h)*	**—**	479

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	*Notes*	**2017 RMB'000**	2016 RMB'000
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	*(j)*	**404**	421
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	*(j)*	**1,485**	1,474
中國人壽財產保險股份有限公司重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	*(j)*	**189**	221
CK Asset Holdings Limited	*(b)*	**8**	13
Staff related expenses			
CK Asset Holdings Limited	*(b)*	**—^**	—
Interest expense			
Bank of China (Hong Kong) Limited	*(j) & (t)*	**56,252**	50,219
Bank of China Limited Macau Branch	*(j) & (t)*	**3,202**	1,046
The Hongkong and Shanghai Banking Corporation Limited	*(c) & (t)*	**20,847**	18,707
Bank charges, loan commitment and agency fee			
Bank of China Limited	*(j)*	**3,352**	13
Bank of China (Hong Kong) Limited	*(j) & (t)*	**69**	116
Trustee's fee			
DB Trustees (Hong Kong) Limited	*(i)*	**4,206**	4,024
Manager's fees			
Hui Xian Asset Management Limited	*(e)*	**159,648**	164,490
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	*(f)*	**55,329**	52,123
Valuation fee			
Knight Frank Petty Limited	*(g)*	**160**	295
D&P China (HK) Limited (formerly known as "American Appraisal China Limited")	*(g)*	**549**	—
Technical due diligence fee			
Knight Frank Petty Limited	*(u)*	**250**	130

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties as at 31 December 2017 and 2016 are as follows:

Name of Connected/Related Party	Notes	2017 RMB'000	2016 RMB'000
Bank loans			
Bank of China (Hong Kong) Limited	*(j) & (t)*	**2,249,307**	2,399,052
Bank of China Limited Macau Branch	*(j) & (t)*	**165,876**	177,172
The Hongkong and Shanghai Banking Corporation Limited	*(c) & (t)*	**748,584**	800,648
Bank balances			
Bank of China (Hong Kong) Limited	*(j)*	**34,612**	33,809
Bank of China Limited	*(j)*	**647,289**	1,704,850
The Hongkong and Shanghai Banking Corporation Limited	*(c)*	**450**	872
Deposits placed with the Group for the lease of the Group properties			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	*(a)*	**953**	1,092
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	*(a)*	**600**	572
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	*(a)*	**185**	185
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	*(a)*	**567**	840
Cheung Kong (Holdings) Limited Beijing Office	*(a)*	**23**	44
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	*(a)*	**31**	31
北京雷霆萬鈞網路科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	*(a)*	**498**	—
北京雷霆無極網路科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	*(a)*	**349**	—
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	*(a)*	**451**	—
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	*(a)*	**24**	—
諾定（中國）投資有限公司 (TOM.COM (China) Investment Limited*)	*(a)*	**24**	—
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	*(a)*	**16**	—
森棟乙（北京）科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	*(a)*	**24**	—
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	*(b)*	**126**	126
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	*(b)*	**626**	626

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	*Notes*	**2017 RMB'000**	2016 RMB'000
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	*(b)*	**71**	71
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	*(b)*	**259**	369
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	*(b)*	**297**	237
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	*(b)*	**447**	447
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	*(b)*	**476**	476
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	*(b)*	**16**	14
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	*(c)*	**–**	768
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	*(f)*	**110**	110
萊坊房地產經紀(上海)有限公司北京分公司 (Knight Frank (Shanghai) Property Consultants Limited Beijing branch*)	*(h)*	**–**	451

Notes:

(a) These companies are associated companies[1] of Hui Xian Cayman, a significant unitholder[2] of Hui Xian REIT, and are subsidiaries or associated companies of CK Hutchison Holdings Limited.

(b) These companies are associated companies[1] of Hui Xian Cayman, a significant unitholder[2] of Hui Xian REIT and are subsidiaries or associated companies of CK Asset.

(c) These companies are associates[3] of Mr. Li Tzar Kuoi, Victor, a director of Noblecrown Investment Limited, a significant unitholder[2] of Hui Xian REIT.

(d) This company was formerly known as Harbour Plaza Chongqing Co. Ltd., which was an associated company of Hui Xian Cayman, a significant unitholder of Hui Xian REIT and was a subsidiary of CK Asset prior to 1 March 2017. The amounts represented transactions up to 28 February 2017.

(e) Hui Xian Asset Management Limited is the Manager of Hui Xian REIT.

(f) This company is a subsidiary of the Manager.

(g) D&P China (HK) Limited is the principal valuer of Hui Xian REIT for the year ended 31 December 2017 and Knight Frank Petty Limited was the principal valuer of Hui Xian REIT for the year ended 31 December 2016.

(h) This company is a subsidiary of the former principal valuer, Knight Frank Petty Limited of which engagement was ceased on or about 1 January 2017.

(i) This company is an associated company[1] of DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT.

33. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(j) These companies are associated companies[1] of Hui Xian Cayman, a significant unitholder[2] of Hui Xian REIT.

(k) These companies are associates[3] of Dr. Choi Koon Shum, Jonathan, an independent non-executive director of the Manager, by virtue of his position as council member in these companies.

(l) This company is an associate[3] of Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Manager, by virtue of his position as independent non-executive director in this company.

(m) The relevant public utility charges have been reimbursed by this company at cost. The amount represents transactions up to 28 February 2017.

(n) These companies are associates[3] of Mr. Wang Junhui, a director of Hui Xian Cayman, a significant unitholder[2] of Hui Xian REIT. Mr. Wang Junhui ceased to be a director of Hui Xian Cayman on 10 June 2017 and the amounts represented transactions up to 9 June 2017.

(o) This company is an associate[3] of Mr. Chen Zhong (from 1 January 2017 up to 20 December 2017) and Mr. Kuang Tao (from 20 December 2017 up to 31 December 2017), the directors of Hui Xian Cayman, a significant unitholders of Hui Xian REIT.

(p) These companies are associates[3] of Mr. Gong Jianzhong, a director of Hui Xian Cayman, a significant unitholder[2] of Hui Xian REIT.

(q) This company is an associate[3] of Mr. Raymond Chow Wai Kam, a director of Hui Xian Cayman, a significant unitholder[2] of Hui Xian REIT.

(r) These companies are subsidiaries of CITIC Securities Company Limited, which is a substantial shareholder of the Manager.

(s) The relevant trademarks are licensed by this company to Chongqing Company at no cost.

(t) The bank loans represent part of the outstanding bank loans *(Note 20)* at the end of the reporting period. The interest expense represents the respective interest expense under part of the outstanding bank loans for the year.

(u) The service charges represent the technical due diligence services rendered by Knight Frank Petty Limited which was the former principal valuer of Hui Xian REIT for the year ended 31 December 2016.

1 As defined in the REIT Code, a company shall be deemed to be an associated company of another company if one of them owns or controls 20% or more of the voting rights of the other or if both are associated companies of another company.

2 As defined in the REIT Code, a unitholder is a significant holder if it holds 10% or more of the outstanding units.

3 As defined in the SFO, a company is an associate of a person if the person is a director of that company.

* The English name is shown for identification purpose only.
\# Previously translated as Chongqing Dongguang Hotel Co., Ltd. which has been replaced by Chongqing Oriental Plaza Hotel Co., Ltd now.
^ Transaction amount is greater than zero and smaller than RMB500.

34. LIST OF SUBSIDIARIES

(i) At the end of the reporting period, the following entities are controlled by Hui Xian REIT.

Name of company	Date of incorporation	Ordinary share capital/ registered capital	Proportion ownership interest held by Hui Xian REIT				Principal activities	Name of property held
			Directly		Indirectly			
			2017	2016	2017	2016		
Incorporated in the British Virgin Islands:								
Hui Xian (B.V.I.) Limited	7 June 1994	1 share of US$1	**100%**	100%	**–**	–	Investment holding	–
Shenyang Investment (BVI) Limited	21 July 2011	50,000 shares of no par value	**100%**	100%	**–**	–	Investment holding	–
Chongqing Overseas Investment Limited	1 September 2014	50,000 shares of no par value	**100%**	100%	**–**	–	Investment holding	–
Incorporated in Hong Kong:								
Hui Xian Investment Limited	18 August 1992	US$10,000	**–**	–	**100%**	100%	Investment holding and financing	–
Shenyang Investment (Hong Kong) Limited	16 August 2011	HK$10,000	**–**	–	**100%**	100%	Investment holding	–
Chongqing Investment Limited	12 November 1992	HK$210,000,000	**–**	–	**100%**	100%	Investment holding	–
Chongqing Hotel Investment Limited	23 November 2016	HK$1	**100%**	–	**–**	–	Investment holding	–
Highsmith (HK) Limited	9 October 2007	HK$5,000,000	**–**	–	**100%**	–	Investment holding and financing	–
New Sense Resources Limited	16 November 2016	HK$1	**100%**	–	**–**	–	Investment holding and financing	–
Chengdu Investment Limited	23 November 2016	HK$1	**–**	–	**100%**	–	Investment holding	–

34. LIST OF SUBSIDIARIES (continued)

Name of company	Date of incorporation	Ordinary share capital/ registered capital	Proportion ownership interest held by Hui Xian REIT				Principal activities	Name of property held
			Directly		Indirectly			
			2017	2016	2017	2016		
Incorporated in the PRC:								
Beijing Oriental Plaza Company Limited	25 January 1999	Registered– US$600,000,000	–	–	100%	100%	Property investment and hotel and serviced suites operations in Beijing, the PRC	Beijing Oriental Plaza
Shenyang Lido Business Co. Ltd	14 September 1996	Registered– US$59,873,990	–	–	70%	70%	Hotel – operation in Shenyang, the PRC	Sofitel Shenyang Lido
Chongqing Metropolitan Oriental Plaza Co., Ltd	18 November 1993	Registered– RMB470,000,000	–	–	100%	100%	Property investment in Chongqing, the PRC	Chongqing Metropolitan Oriental Plaza
Chongqing Oriental Plaza Hotel Co., Ltd	10 March 1999	Registered– US$22,800,000	–	–	100%	–	Hotel – operation in Chongqing, the PRC	Harbour Plaza Chongqing
Chengdu Changtian Co., Ltd.	18 June 1998	Registered– RMB248,000,000	–	–	69%	–	Hotel – operation in Chengdu, the PRC	Sheraton Chengdu Lido Hotel

34. LIST OF SUBSIDIARIES (continued)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017 RMB million	2016 RMB million	2017 RMB million	2016 RMB million
Shenyang Lido Business Co. Ltd	Shenyang, the PRC	**30%**	30%	**(16)**	(13)	**227**	243
Chengdu Changtian Co., Ltd.	Chengdu, the PRC	**31%**	–	**–**	–	**123**	–
				(16)	(13)	**350**	243

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017 RMB million	2016 RMB million
Revenue	**134**	82
Expenses and taxation	**(187)**	(128)
Loss for the year	**(53)**	(46)
Loss and total comprehensive expense for the year, attributable to:		
Non-controlling interests	**(16)**	(13)
Unitholders	**(37)**	(33)
	(53)	(46)

The Manager considered that the non-controlling interests in the assets, liabilities and cash flows of Shenyang Lido Business Co. Ltd and Chengdu Changtian Co., Ltd. are not material to the Group and accordingly, no summarised financial information on the assets, liabilities and cash flows are disclosed. No dividend was paid to non-controlling interests during the year.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans *(Note 20)* RMB million	Interest payable RMB million	Distribution payable RMB million	Total RMB million
At 1 January 2017	**10,816**	**7**	**718**	11,541
Financing cash flows	**868**	**(214)**	**(1,217)**	(563)
Exchange gain	**(763)**	**—**	**—**	(763)
Proposed distribution	**—**	**—**	**1,489**	1,489
Units in issue	**—**	**—**	**(262)**	(262)
Interest expenses	**48**	**214**	**—**	262
At 31 December 2017	**10,969**	**7**	**728**	11,704

The summary of the consolidated statement of comprehensive income, distributions and the consolidated statement of financial position of Hui Xian REIT are set out as below:

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.2017 to 31.12.2017 RMB million	1.1.2016 to 31.12.2016 RMB million	1.1.2015 to 31.12.2015 RMB million	1.1.2014 to 31.12.2014 RMB million	1.1.2013 to 31.12.2013 RMB million
Revenue					
Gross rental from investment properties	**2,407**	2,423	2,413	2,143	1,997
Income from hotel operation	**541**	479	501	521	584
Income from serviced apartments operation	**151**	139	136	131	129
Rental related income	**100**	65	56	60	55
	3,199	3,106	3,106	2,855	2,765
Profit before taxation and transactions with unitholders	**1,942**	528	525	2,152	1,267
Income tax expense	**(502)**	(427)	(372)	(661)	(427)
Profit for the year, before transactions with unitholders	**1,440**	101	153	1,491	840
Profit for the year attributable to unitholders, before transactions with unitholders	**1,456**	114	168	1,505	972
	RMB	RMB	RMB	RMB	RMB
Basic earnings per unit	**0.2635**	0.0211	0.0315	0.2878	0.1898

SUMMARY OF DISTRIBUTIONS

	1.1.2017 to 31.12.2017 RMB million	1.1.2016 to 31.12.2016 RMB million	1.1.2015 to 31.12.2015 RMB million	1.1.2014 to 31.12.2014 RMB million	1.1.2013 to 31.12.2013 RMB million
Distributions to unitholders	**1,489**	1,499	1,449	1,350	1,262
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	**0.2681**	0.2754	0.2700	0.2567	0.2455

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2017 RMB million	31.12.2016 RMB million	31.12.2015 RMB million	31.12.2014 RMB million	31.12.2013 RMB million
Non-current assets	**39,875**	39,549	40,282	37,194	36,775
Current assets	**7,734**	7,391	6,422	5,034	3,952
Total assets	**47,609**	46,940	46,704	42,228	40,727
Current liabilities	**6,642**	2,619	3,075	2,741	1,623
Non-current liabilities, excluding net assets attributable to unitholders	**13,834**	17,639	15,816	10,652	10,856
Total liabilities, excluding net assets attributable to unitholders	**20,476**	20,258	18,891	13,393	12,479
Non-controlling interests	**350**	243	256	271	285
Net assets attributable to unitholders	**26,783**	26,439	27,557	28,564	27,963
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	**4.7943**	4.8403	5.1231	5.3919	5.4144

	Notes	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Net assets attributable to unitholders *(RMB million)*		**26,783**	26,439	27,557	28,564	27,963
Net asset value per unit attributable to unitholders *(RMB)*		**4.7943**	4.8403	5.1231	5.3919	5.4144
Market capitalisation *(RMB million)*		**17,597**	17,151	17,912	18,436	19,935
Units issued *(units)*		**5,586,412,489**	5,462,193,939	5,378,973,852	5,297,591,509	5,164,525,496
Debts to net asset value ratio	*1*	**41.0%**	40.9%	34.2%	13.5%	11.5%
Debts to total asset value ratio	*2*	**23.0%**	23.0%	20.2%	9.2%	7.9%

		1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013
Highest traded unit price *(RMB)*		**3.22**	3.51	3.57	3.88	4.32
Highest premium of the traded unit price to net asset value per unit	*3*	**N/A**	N/A	N/A	N/A	N/A
Lowest traded unit price *(RMB)*		**3.02**	2.98	2.94	3.29	3.70
Highest discount of the traded unit price to net asset value per unit		**37.0%**	38.4%	42.6%	39.0%	31.7%
Distribution per unit *(RMB)*		**0.2681**	0.2754	0.2700	0.2567	0.2455
Distribution yield per unit	*4*	**8.51%**	8.77%	8.11%	7.38%	6.36%

Notes:

1. Debts to net asset value ratio is calculated based on total debts over net assets attributable to unitholders as at the end of the reporting period.

2. Debts to total asset value ratio is calculated based on total debts over total assets as at the end of the reporting period.

3. The highest traded unit price is lower than the net asset value per unit attributable to unitholders at the end of the reporting period. Accordingly, premium of the traded unit price to net asset value per unit has not been recorded.

4. Distribution yield per unit is calculated by dividing the distribution per unit by the closing unit price as at the end of the reporting period.

INVESTOR CALENDAR

	On or around
Annual results announcement for the year ended 31 December 2017 announcing, among other information, the final distribution for the period from 1 July 2017 to 31 December 2017 ("2017 Final Distribution") and the distribution reinvestment arrangement ("DRA")	12 March 2018 (Monday)
Units quoted ex-2017 Final Distribution	23 March 2018 (Friday)
First of the ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA ("Scrip Units")	23 March 2018 (Friday)
Closure of register of Unitholders (for ascertaining entitlement to the 2017 Final Distribution)	27 March 2018 (Tuesday) to 29 March 2018 (Thursday) (both dates inclusive)
Record date for 2017 Final Distribution	29 March 2018 (Thursday)
Announcement in relation to the DRA	11 April 2018 (Wednesday)
Despatch of circular and election form for the DRA	16 April 2018 (Monday)
Latest time for return of election form for the DRA[1]	by 4:30 p.m., 2 May 2018 (Wednesday)
2018 annual general meeting[2]	8 May 2018 (Tuesday)
Payment of the 2017 Final Distribution for cash distribution election	21 May 2018 (Monday)
Despatch of new unit certificates for scrip distribution election	21 May 2018 (Monday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	23 May 2018 (Wednesday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2017 Final Distribution for the period from 1 July 2017 to 31 December 2017 wholly in cash or in the form of new units in Hui Xian REIT or a combination of both. An announcement containing details of the distribution reinvestment arrangement was published on 11 April 2018 (Wednesday) and a circular together with the relevant election form will be delivered by post to the Unitholders on 16 April 2018 (Monday). The election form for scrip distribution must be lodged with and received by the Unit Registrar (at its address at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 pm on 2 May 2018 (Wednesday). Please refer to the relevant circular and election form for the details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the deadline set out above will be treated and taken as invalid.

2. The register of Unitholders will be closed from 3 May 2018 (Thursday) to 8 May 2018 (Tuesday) for the purpose of ascertaining Unitholders' right to attend and vote at the 2018 annual general meeting of Hui Xian REIT. Unitholders must lodge all transfer forms (accompanied by the relevant unit certificates) with the Unit Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2 May 2018 (Wednesday).

CORPORATE INFORMATION

MANAGER

Hui Xian Asset Management Limited
303 Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2121 1128
Fax: (852) 2121 1138

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-executive Director
KAM Hing Lam

Executive Directors
CHEUNG Ling Fung, Tom *(Chief Executive Officer)*
LEE Chi Kin, Casey *(Chief Operating Officer)*
LAI Wai Yin, Agnes# *(Chief Financial Officer)*

Non-executive Directors
IP Tak Chuen, Edmond
LIM Hwee Chiang
YIN Ke^

Independent Non-executive Directors
CHENG Hoi Chuen, Vincent
LEE Chack Fan
CHOI Koon Shum, Jonathan

BOARD COMMITTEES

Audit Committee
CHENG Hoi Chuen, Vincent *(Chairman)*
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
YIN Ke^

Disclosures Committee
CHEUNG Ling Fung, Tom *(Chairman)*
IP Tak Chuen, Edmond
LEE Chack Fan

Designated (Finance) Committee
IP Tak Chuen, Edmond *(Chairman)*#
YIN Ke *(Chairman)*^
CHEUNG Ling Fung, Tom
CHOI Koon Shum, Jonathan

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL VALUER

D&P China (HK) Limited
(formerly known as American
Appraisal China Limited)

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

^ resigned with effect from 8 January 2018
# appointed with effect from 8 January 2018

INVESTOR RELATIONS

TONG BARNES Wai Che, Wendy
Tel: (852) 2121 1128
Fax: (852) 2121 1138
Email: info@huixianreit.com

PROPERTY MANAGER

北京匯賢企業管理有限公司
(Beijing Hui Xian Enterprise Services Limited*)

STOCK CODE

87001

WEBSITE

www.huixianreit.com

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited*), a Sino-foreign co-operative joint venture established in the PRC
Director(s)	director(s) of the Manager
DPU	distribution per unit
GDP	gross domestic product
Hui Xian Cayman	Hui Xian (Cayman Islands) Limited
Hui Xian Holdings	Hui Xian Holdings Limited
Hui Xian Investment	Hui Xian Investment Limited
Hui Xian REIT	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
Hui Xian REIT group	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Manager	Hui Xian Asset Management Limited, a company incorporated in Hong Kong and a corporation licensed to carry on the regulated activity of asset management under the SFO
PRC	People's Republic of China
REIT Code	Code on Real Estate Investment Trusts
RevPAR	revenue per available room
RMB	Renminbi
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
Shenyang Investment BVI	Shenyang Investment (BVI) Limited
Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited
Shenyang Lido	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC

GLOSSARY

Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended, modified or supplemented from time to time
Trustee	DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT
Unit(s)	unit(s) of Hui Xian REIT
Unitholder(s)	any person(s) registered as holding a Unit or Units

* The English name is shown for identification purpose only

The information set out in this annual report is updated as of 12 March 2018.

Hui Xian Asset Management Limited
(as the manager of Hui Xian REIT)
Unit 303, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

Tel: (852) 2121 1128
Fax: (852) 2121 1138
Email: info@huixianreit.com
Website: www.huixianreit.com