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 **2018**

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, modified or supplemented 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.

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FINANCIAL HIGHLIGHTS

For the financial year from 1 January 2018 to 31 December 2018

	1 Jan – 31 Dec 2018	1 Jan – 31 Dec 2017	Percentage Change
Total Revenue *(RMB million)*	**3,201**	3,199	+0.1%
Net Property Income *(RMB million)*	**2,060**	2,074	-0.7%
Amount Available for Distribution *(RMB million)*	**1,517**	1,489	+1.9%
Distributions to Unitholders *(RMB million)*	**1,517**	1,489	+1.9%
Distribution per Unit *(RMB)*	**0.2653**	0.2681	-1.0%
Payout Ratio	**100%**	100%	N/A
Distribution Yield	**8.3%** [1]	8.5% [2]	N/A

Notes:

(1) Based on the closing price of the units of Hui Xian REIT ("Units") on 31 December 2018 and the actual distribution amount for the period from 1 January 2018 to 31 December 2018.

(2) Based on the closing price of Units on 29 December 2017 and the actual distribution amount for the period from 1 January 2017 to 31 December 2017.

CHAIRMAN'S STATEMENT

As the world economy continues to be uncertain in 2019, we remain cautiously optimistic about the outlook for Hui Xian REIT.

The majority of the asset enhancement works at our Chongqing and Shenyang assets will be completed by 2019, laying a good foundation for long-term sustainable growth.

H L KAM Chairman

In 2018, the global economy was characterised by ongoing volatility and uncertainty, fuelled by escalating trade protectionism and heightened geopolitical risks. China-US trade tensions, China's slower economic growth, and ongoing Brexit uncertainty have contributed to a gloomier outlook for the world economy as well as for many corporations across the globe. In January 2019, the International Monetary Fund warned that the economic expansion seen in recent years was losing momentum.

According to the National Bureau of Statistics of China, the country's gross domestic product during 2018 increased 6.6% year-on-year, the slowest annual growth recorded since 1990.

China's retail sales rose 9.0% year-on-year in 2018, down from an increase of 10.2% in 2017. Several top international brands, products of which range from smartphone, automobile, luxury fashion and jewellery, to coffee shops chains, are facing softer consumer demand in China. Other major economic indicators of China, including fixed asset investment and industrial production, also showed slower growth in 2018.

RMB experienced fluctuation during 2018. The RMB exchange rate against Hong Kong Dollars as at 31 December 2018 had dropped by approximately 4.6%* compared to that as at 31 December 2017.

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

RESULTS AND DISTRIBUTION

Amidst a challenging business environment, Hui Xian REIT delivered steady performance and continued to generate a stable income for its Unitholders during the period from 1 January 2018 to 31 December 2018 ("Reporting Period"). Total revenue was RMB3,201 million (2017: RMB3,199 million). Net property income ("NPI") amounted to RMB2,060 million (2017: RMB2,074 million). Office and serviced apartment portfolios performed well while the retail and hotel sectors recorded negative growth.

The Distributions to Unitholders for the Reporting Period was RMB1,517 million, up by 1.9% year-on-year. The payout ratio maintained at 100%. The distribution per unit ("DPU") for the second half of the year was RMB0.1239. Together with the interim DPU, the total DPU for the Reporting Period was RMB0.2653 (2017: RMB0.2681). This represented a distribution yield of 8.3% based on the closing unit price of RMB3.19 on 31 December 2018.

BUSINESS REVIEW

Hui Xian REIT's portfolio spans across office, retail, serviced apartment and hotel sectors in China's four key cities, covering an aggregate area of over 1.1 million square metres.

(1) 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 RMB955 million, a year-on-year increase of 5.4%.

Beijing's office market remained stable in 2018. Leasing demand continued to be driven by domestic corporations, particularly those from technology and finance sectors. Multinational corporations remained cost-conscious and conservative on office expansion. Beijing will see an increase in office supply over the next few years and it is likely that there will be pressure on both rental and occupancy levels.

The Tower Offices at Beijing Oriental Plaza performed well in 2018 and sustained a high level of occupancy at 95.9% (2017: 95.5%). Average monthly passing rent was RMB294 per square metre, up by 2.8% year-on-year. Average monthly spot rent was RMB334 (2017: RMB335) per square metre.

Chongqing's office market continued to be competitive due to escalating new supply. Located at Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza continues to be the popular address among multinational corporations and consulates. Average occupancy rate improved to 91.8% (2017: 88.1%) while the average monthly passing rent was RMB117 (2017: RMB121) per square metre.

(2) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. NPI was RMB892 million (2017: RMB947 million).

China's retail sector is undergoing a major transformation as a result of fast-changing consumer behavior, oversupply of retail space and the surge of e-commerce, posing serious challenges to the retail leasing market. Over the past few years, social media, smartphones and mobile payment have quickly become ubiquitous in China. In 2018, online retail sales increased 23.9% year-on-year to RMB9,007 billion.

Despite the challenging operating conditions, The Malls at Beijing Oriental Plaza continues to be a sought-after destination for both retailers and shoppers due to the excellent accessibility and high footfall of its unrivalled location in Wangfujing.

Facing a competitive business environment, The Malls proactively and continuously seeks freshness and diversity in its tenant mix to maintain its appeal to the expanding young, affluent and e-savvy consumer groups. Two electric vehicle flagship centres, a high-end supermarket, a variety of sportswear and lifestyle stores, as well as food and beverage outlets have been successfully recruited. Occupancy rate stood at 97.6% (2017: 97.4%). Average monthly passing rent was RMB1,126 (2017: RMB1,163) per square metre.

At Chongqing Metropolitan Oriental Plaza, the mall continued the comprehensive asset enhancement and tenant revamp programme throughout 2018. During the renovation period, average occupancy rate was 84.4% (2017: 75.8%) and average monthly passing rent was RMB165 (2017: RMB196) per square metre.

(3) Serviced Apartment Portfolio

There is a rising demand for high quality serviced apartments in downtown Beijing. To capture this business opportunity, Hui Xian REIT has been converting hotel rooms into serviced apartment units for leasing, increasing the total inventory from 613 units as at 31 December 2016 to 720 units as at 31 December 2018. Its serviced apartment portfolio, comprising The Tower Apartments at Beijing Oriental Plaza, has recorded healthy growth in both revenue and occupancy in 2018.

During the Reporting Period, the portfolio's NPI increased 18.3% year-on-year to RMB94.0 million. Average occupancy rate of The Tower Apartments rose to 93.3% from 86.7% a year ago.

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio comprises four five-star hotels across four cities in China: Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Sofitel Shenyang Lido and Harbour Plaza Chongqing. The aggregate NPI was down by 16.1% year-on-year to RMB119 million, primarily impacted by the asset enhancement programmes at two of the hotels in Shenyang and Chongqing.

Revenue and NPI of both Grand Hyatt Beijing and Sheraton Chengdu Lido Hotel were higher than that of the previous year. Grand Hyatt Beijing's average room rate per night was RMB1,273 (2017: RMB1,258) and occupancy rate was 75.6% (2017: 73.4%). Revenue per available room ("RevPAR") increased 4.2% year-on-year to RMB962. Sheraton Chengdu Lido Hotel made its first full-year contribution in 2018. Average room rate per night was RMB544 and occupancy rate was 71.6%. RevPAR was RMB390.

The business performance of Sofitel Shenyang Lido and Harbour Plaza Chongqing was adversely affected due to their ongoing renovation programmes in which a portion of room inventory was unavailable for sale. Sofitel Shenyang Lido's occupancy rate and average room rate per night were down to 28.7% and RMB455 respectively. Its renovation programme made good progress during the year, and is expected to be completed within 2019.

Harbour Plaza Chongqing was under renovation throughout 2018. Average occupancy rate and average room rate per night dropped to 38.2% and RMB363 respectively during this renovation period. In March 2018, Hui Xian REIT announced that it has engaged Hyatt to manage the hotel and it will be rebranded as "Hyatt Regency Liberation Square Chongqing" in the second quarter of 2019.

STRONG FINANCIAL POSITION

Hui Xian REIT has continued to adhere to its prudent financial management strategy. As at 31 December 2018, bank balances and cash on hand amounted to RMB6,107 million and total debts amounted to RMB9,921 million. Debts to gross asset value ratio was 21.5%. Hui Xian REIT has sufficient financial capacity to capitalise on new investment opportunities as they arise.

OUTLOOK

The uncertainties faced in 2018 will likely continue to affect the global economy in 2019. In January 2019, the World Bank lowered its 2019 global growth forecast to 2.9% from 3% in 2018 due to a series of downside risks.

China's GDP grew 6.6% in 2018, its slowest pace in nearly three decades and the country will continue to face strong challenges in 2019. The Chinese government set its GDP growth target at 6-6.5% for 2019. To spur economic growth, the Chinese government has been rolling out a series of stimulus measures and incentives, including large-scale tax cuts, reduction in reserve requirements for banks and increased infrastructure spending.

The rapidly-changing business environment brings both opportunities and risks to Hui Xian REIT and we are prepared to address both.

In the retail sector, we will continue to optimize the tenant mix in our shopping centre at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza to boost rental income and drive traffic. New functions will be added to the social media-based loyalty programmes to further enhance customer loyalty as well as spending. We also strive to capitalise on the Chinese government's latest plans to upgrade Wangfujing Pedestrian Street in Beijing and Jiefangbei Pedestrian Street in Chongqing, where our two shopping centres are respectively located.

A slew of measures recently unveiled by the Chinese government to boost economic activities and investments will likely drive demand for office space, benefiting Hui Xian REIT's office portfolio.

We will continue to capitalise on the market opportunities of serviced apartments in Beijing and Shenyang and expand Hui Xian REIT's serviced apartment portfolio to a new level.

The Tower Apartments at Beijing Oriental Plaza delivered encouraging results in 2018. To further increase its market share, we are converting more hotel rooms into fully-furnished serviced apartments. When the renovation is completed, the total inventory will increase from 720 in 2018 to 809 units in 2019, making The Tower Apartments one of the largest serviced apartment projects in the heart of Beijing.

Sofitel Shenyang Lido's asset enhancement programme is progressing well and will be completed within 2019. Within the building, we have curated a new portfolio of serviced apartments consisting of 134 units under the brand "The Residences at Sofitel Shenyang Lido". We have created dedicated entrance, lobby and exclusive lifts especially for the apartment guests, so that they can enjoy a new level of privacy, comfort and convenience.

Building on the successful track record of Beijing Oriental Plaza, Hui Xian REIT aims to create the second "Oriental Plaza" in Chongqing by integrating its current retail, office and hotel businesses into a comprehensive mixed-use complex. The renovation and tenant revamp programme at the mall is progressing well. The hotel will be rebranded as "Hyatt Regency Liberation Square Chongqing", offering brand new guest rooms and upgraded facilities and it is set to soft open in the second quarter of 2019.

As the world economy continues to be uncertain in 2019, we remain cautiously optimistic about the outlook for Hui Xian REIT. The majority of the asset enhancement works at our Chongqing and Shenyang assets will be completed by 2019, laying a good foundation for long-term sustainable growth.

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, 15 March 2019

PORTFOLIO HIGHLIGHTS

As at 31 December 2018, 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;

(3) its investment in Shenyang Investment (BVI) Limited, 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.

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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 government-related bodies.

Located in the heart of Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates and multinational corporations from a wide range of sectors.

THE TOWER OFFICES AT BEIJING ORIENTAL PLAZA
1 2 3 4

THE TOWER AT CHONGQING METROPOLITAN ORIENTAL PLAZA
5 6

3

OPERATIONS REVIEW

(1) 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 4.5% year-on-year to RMB1,284 million. NPI increased 5.4% year-on-year to RMB955 million.

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's office market remained stable during 2018. Leasing demand was mainly driven by domestic corporations, especially those from technology and financial 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. This influx of new supply will likely soften the rental market.

The Tower Offices at Beijing Oriental Plaza consists of eight towers, offering over 300,000 square metres of Grade A office space. It generates a stable revenue stream from a diversified tenant base across different industries, ranging from finance and banking, accounting, high technology, legal, pharmaceutical, media and advertising to consumer products; there are also education and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB1,217 million, up by 4.6% year-on-year. NPI amounted to RMB915 million, an increase of 5.5% year-on-year. Average monthly passing rent was RMB294 per square metre, an increase of 2.8% year-on-year. Average monthly spot rent was RMB334 (2017: RMB335) per square metre). Rental reversion was 4.8%, and average occupancy rate was increased to 95.9% (2017: 95.5%).

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(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office market remained competitive in 2018 due to the continual influx of new supply. Rental and occupancy rates are expected to remain under pressure.

Located in the heart of Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates and multinational corporations from a wide range of sectors, including insurance and financial services, electronics, logistics and healthcare. Among new tenants are ZWILLING, Bosch Appliances, Nutricia and British Chamber of Commerce. Meanwhile, existing tenants, such as Mitsubishi and Kuehne + Nagel expanded their offices.

The Tower's revenue was up by 2.7% year-on-year to RMB67 million; NPI rose by 2.1% year-on-year to RMB40 million. Average occupancy rate was 91.8%, up from 88.1% a year ago. Average monthly passing rent was RMB117 (2017: RMB121) per square metre; average monthly spot rent was RMB120 (2017: RMB116) per square metre.

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: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza, collectively offering about 219,000 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.

THE MALLS AT BEIJING ORIENTAL PLAZA
1 4 5

PROMOTIONAL EVENTS
2 3

THE MALL AT CHONGQING METROPOLITAN ORIENTAL PLAZA
6

(2) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza, collectively offering about 219,000 square metres of retail space. Against a challenging retail backdrop, revenue was RMB1,212 million (2017: RMB1,279 million) and NPI was RMB892 million (2017: RMB947 million).

Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza are located on the Wangfujing Pedestrian Street in Beijing and Jiefangbei Pedestrian Street in Chongqing respectively. These two well-known pedestrian streets are among the 11 selected by the Chinese government to reform and upgrade to further drive domestic consumption.

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(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP grew 6.6% year-on-year to RMB3,032 billion. Retail sales of consumer goods increased 2.7% to RMB1,175 billion. Disposable income per capita of Beijing's residents was RMB62,361, up by 6.3% in real terms.

Revenue of The Malls at Beijing Oriental Plaza was down by 5.2% year-on-year to RMB1,119 million. NPI decreased 6.6% year-on-year to RMB848 million. Average monthly passing rent was RMB1,126 (2017: RMB1,163) per square metre. Average occupancy rate was maintained at a high level of 97.6% (2017: 97.4%).

During 2018, The Malls welcomed a number of new retailers, including Emporio Armani, Jaeger-LeCoultre, Kate Spade New York, C. P. Company, Baldinini, Steiff, ICICLE, GIADA and OSIM. colorlab by Watsons, a new concept makeup store, and electric car Weltmeister, have also opened retail outlets at The Malls.

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

Chongqing's GDP grew 6.0% year-on-year to RMB2,036 billion in 2018. Retail sales of consumer goods and disposable income per capita of its urban residents increased 8.7% and 8.4% year-on-year respectively.

The Mall at Chongqing Metropolitan Oriental Plaza is currently undergoing an extensive asset enhancement and tenant mix refinement programme, which has impacted its revenue and rental level. Average monthly passing rent was RMB165 (2017: RMB196) per square metre and average occupancy rate was 84.4% (2017: 75.8%).

An array of "retailtainment" elements have been introduced to The Mall, including Van Gogh Star Art Museum, Coca Cola Theme Park and an e-sports arena (which was previously an ice-skating rink). A 700-square metre fitness centre, a family photoshooting studio and a number of new food and beverage outlets were opened in The Mall.

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.

1


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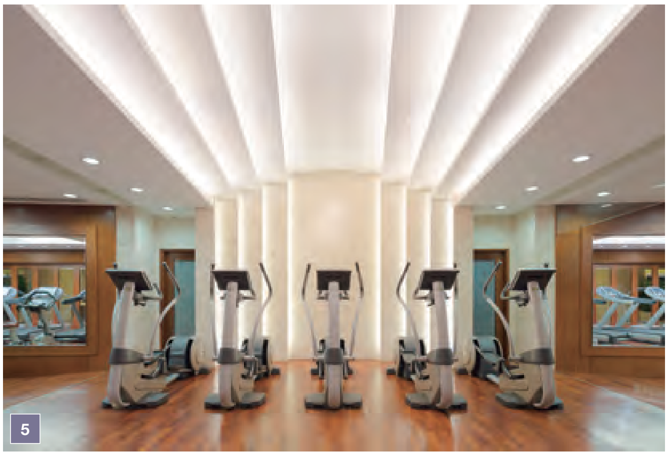
3

4



5

(3) Serviced Apartment Portfolio

Leasing demand for high quality serviced apartments in downtown Beijing was on the rise in 2018. Hui Xian REIT's serviced apartment portfolio, comprising The Tower Apartments at Beijing Oriental Plaza, has registered healthy growth in both revenue and occupancy.

During the Reporting Period, the portfolio's revenue was up by 12.5% year-on-year to RMB170 million and NPI increased 18.3% year-on-year to RMB94 million.

Offering 720 fully-furnished units, average occupancy rate of The Tower Apartments rose to 93.3% from 86.7% a year ago. To seize this business opportunity and further increase the market share, we are in the process of converting more hotel rooms into serviced apartments for leasing.

MILLENNIUM HEIGHTS
1

ATLANTIC HEIGHTS
2 6 7

CENTENNIAL HEIGHTS
3

CLUB OASIS
4 INDOOR SWIMMING POOL
5 GYM

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel *Portfolio*

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

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


3

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio consists of four five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sheraton Chengdu Lido Hotel (69% interest), Sofitel Shenyang Lido (70% interest) and Harbour Plaza Chongqing. The aggregate revenue was RMB535 million, a decline of 1.1% year-on-year. NPI was down by 16.1% year-on-year to RMB119 million, mainly due to the renovation works at Sofitel Shenyang Lido and Harbour Plaza Chongqing.

(i) Grand Hyatt Beijing, Beijing

According to the Beijing Municipal Bureau of Statistics, the capital city's 2018 tourist arrivals increased 2% year-on-year to 4.0 million. Grand Hyatt Beijing's average occupancy rate rose to 75.6% (2017: 73.4%). Average room rate per night increased 1.2% year-on-year to RMB1,273. RevPAR was up by 4.2% year-on-year to RMB962.


4

GRAND HYATT BEIJING
1 3 4

HARBOUR PLAZA CHONGQING
2

SOFITEL SHENYANG LIDO
5

SHERATON CHENGDU LIDO HOTEL
6

(ii) *Sheraton Chengdu Lido Hotel (69% interest)*

Official data showed that the total visitor arrivals to Chengdu increased 15.8% year-on-year in 2018. Sheraton Chengdu Lido Hotel made its first full year contribution. Average occupancy rate was 71.6% and average room rate was RMB544.

(iii) *Sofitel Shenyang Lido, Shenyang (70% interest)*

During the renovation period, Sofitel Shenyang Lido's average occupancy rate and average room rate per night were 28.7% and RMB455 respectively. Some of the hotel rooms were being converted as fully furnished serviced apartments during the Reporting Period.

(iv) *Harbour Plaza Chongqing*

Currently undergoing major renovations, Harbour Plaza Chongqing's average occupancy rate was 38.2% and average room rate per night was RMB363. In March 2018, Hyatt has been appointed as the new management company. The hotel will be rebranded as "Hyatt Regency Liberation Square Chongqing" and is expected to launch in the second quarter of 2019 with a fresh new look and upgraded facilities.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB2,060 million for the year ended 31 December 2018.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB713 million ("2018 Final Distribution") to Unitholders for the period from 1 July 2018 to 31 December 2018. The 2018 Final Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 July 2018 to 31 December 2018 and will be paid in RMB. A total of RMB804 million has been distributed to Unitholders of Hui Xian REIT on 27 September 2018 for the period from 1 January 2018 to 30 June 2018. In total, Hui Xian REIT will distribute a total of RMB1,517 million to Unitholders for the year ended 31 December 2018. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB915 million (2017: RMB334 million).

Distribution per Unit

The final DPU for the period from 1 July 2018 to 31 December 2018 is RMB0.1239 based on the number of outstanding Units on 31 December 2018. Together with the interim DPU of RMB0.1414, Hui Xian REIT provides a total DPU for the year ended 31 December 2018 of RMB0.2653. This represents a distribution yield of 8.3% based on the closing unit price of RMB3.19 on 31 December 2018.

Closure of Register of Unitholders

The record date for the 2018 Final Distribution will be 3 April 2019, Wednesday ("Record Date"). The Register of Unitholders will be closed from 1 April 2019, Monday to 3 April 2019, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 17 May 2019, Friday 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 2018 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 29 March 2019, Friday.

Debt Positions

In March 2018, Hui Xian Investment drew down an unsecured 3-year term loan of HK$5,000 million offered by Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, 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 June 2018, Hui Xian Investment fully prepaid an unsecured 5-year term loan of HK$800 million which was drawn down in July 2016. The participating banks involved Sumitomo Mitsui Banking Corporation, Bank of China Limited Macau Branch and Mega International Commercial Bank Co., Ltd. Together with the fair value gain on relevant derivative financial instrument, the net exchange gain realised from the bank loan and loan front-end fee was approximately RMB39 million.

In August 2018, Hui Xian Investment drew down an unsecured 4-year term loan of HK$1,000 million offered by Bank of China (Hong Kong) Limited. The purpose of the facility was to refinance the credit facility granted by the same lender in August 2015.

In December 2018, Hui Xian Investment fully prepaid an unsecured 3-year term loan of HK$1,000 million which was drawn down in February and March 2017. The participating banks involved Hang Seng Bank Limited and United Overseas Bank Limited. Together with the fair value gain on relevant derivative financial instrument, the net exchange gain realised from the bank loan and loan front-end fee was approximately RMB7 million.

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 2018, Hui Xian REIT's total debts amounted to RMB9,921 million (31 December 2017: RMB10,969 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB26,373 million as at 31 December 2018 (31 December 2017: RMB26,783 million), Hui Xian REIT's debts to net asset value ratio improved to 37.6% (31 December 2017: 41.0%). Meanwhile, the debts to gross asset value ratio was 21.5% as at 31 December 2018 (31 December 2017: 23.0%).

Bank Balances and Asset Positions

As at 31 December 2018, Hui Xian REIT's bank balances and cash amounted to RMB6,107 million (31 December 2017: RMB7,401 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 129,775 square metre shopping centre, eight blocks of Grade A office, three serviced apartment towers and a 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 (HK) Limited ("D&P China") valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB29,618 million as at 31 December 2018 (31 December 2017: RMB29,551 million), translating into an increase of 0.2% over the valuation as of 31 December 2017. The hotel and serviced apartment premises were valued at RMB5,730 million as at 31 December 2018 (31 December 2017: RMB5,690 million). The total valuation of Beijing Oriental Plaza was RMB35,348 million (31 December 2017: RMB35,241 million), while the total gross property value of the properties was RMB34,443 million as at 31 December 2018, as compared to RMB34,574 million as at 31 December 2017.

Hui Xian REIT indirectly owns 70% of the entitlement in the distributions of Shenyang Lido, owner of Sofitel Shenyang Lido. Standing on Qingnian Street, 78,451 square metre, 30-storey Sofitel Shenyang Lido is located in the heart of the newly established central business district in southern Shenyang.

D&P China valued the hotel premises of Shenyang Lido at RMB820 million as at 31 December 2018 (31 December 2017: RMB850 million). Gross property value of hotel premises as at 31 December 2018 was RMB702 million (31 December 2017: RMB700 million).

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

As at 31 December 2018, the shopping centre, office building and car parking spaces were valued by D&P China at RMB3,678 million (31 December 2017: RMB3,692 million). Gross property value of the properties as at 31 December 2018 was RMB3,637 million (31 December 2017: RMB3,630 million).

Hui Xian REIT indirectly owns the entire interest 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 RMB406 million as at 31 December 2018 (31 December 2017: RMB421 million). Gross property value of hotel premises as at 31 December 2018 was RMB385 million (31 December 2017: RMB382 million).

Hui Xian REIT also indirectly owns 69% interest of Sheraton Chengdu Lido Hotel through 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 RMB727 million as at 31 December 2018 (31 December 2017: RMB722 million). Gross property value of hotel premises as at 31 December 2018 was RMB664 million (31 December 2017: RMB691 million).

Net Assets Attributable to Unitholders

As at 31 December 2018, net assets attributable to Unitholders amounted to RMB26,373 million (31 December 2017: RMB26,783 million) or RMB4.5807 per Unit, representing a 43.6% premium to the closing unit price of RMB3.19 on 31 December 2018 (31 December 2017: RMB4.7943 per Unit, representing a 52.2% premium to the closing unit price of RMB3.15 on 29 December 2017).

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 2018, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Sheraton Chengdu Lido Hotel, Chongqing Metropolitan Oriental Plaza and Harbour Plaza Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2018, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,306 employees in Hong Kong and the PRC, of which 1,279 employees performed hotel operation functions and services, and 27 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 2018.

TOP 5 CONTRACTORS

Contractors	Nature of services	Value of contract *(RMB'000)*	Percentage
Beijing Hui Xian Enterprise Services Limited	Property management	63,323	10.1%
Beijing Goodwell Century Property Management Ltd.	Property management	21,294	3.4%
廣州市第三建築裝修有限公司	Renovation and maintenance	19,467	3.1%
Beijing Citybase Century Property Management Ltd.	Property management	19,179	3.1%
Cayley Property Management (Shenzhen) Limited Chongqing branch	Property management	16,474	2.6%
		139,737	22.3%

TOP 5 REAL ESTATE AGENTS

Real estate agents	Nature of services	Commission paid *(RMB'000)*	Percentage
北京天業聯行房地產經紀有限公司	Leasing	1,384	6.7%
北京亞中聯台房地產經紀有限公司	Leasing	1,309	6.3%
北京三源惠通房地產經紀有限公司	Leasing	748	3.6%
晟嘉行房地產經紀(北京)有限公司	Leasing	738	3.6%
北京中原房地經紀有限公司	Leasing	695	3.4%
		4,874	23.6%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide ("HKEx ESG Guide") set out in Appendix 27 of the "Listing Rules".

It details the work and achievements of Hui Xian REIT and the investment portfolio in contributing to sustainable development for the financial year ended 31 December 2018 ("Reporting Year"), unless specifically stated.

During the Reporting Year, Hui Xian REIT owned five assets, spanning retail, offices, hotels and serviced apartments. As a real estate investment trust ("REIT"), operational management is delegated to property and hotel management companies.

This report covers the performance of all the assets:

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

Throughout the Reporting Year, Hui Xian REIT materially complied with the relevant provisions of the HKEx ESG Guide and the Listing Rules.

OUR SUSTAINABILITY STRATEGY

We are committed to delivering long-term value creation for our stakeholders and community. To this end, sustainability principles are embedded in all aspects of our asset management activities.

Our four-pillar sustainability strategy focuses on forging ethical and responsible business, protecting the environment, caring for our community and building a positive workplace.

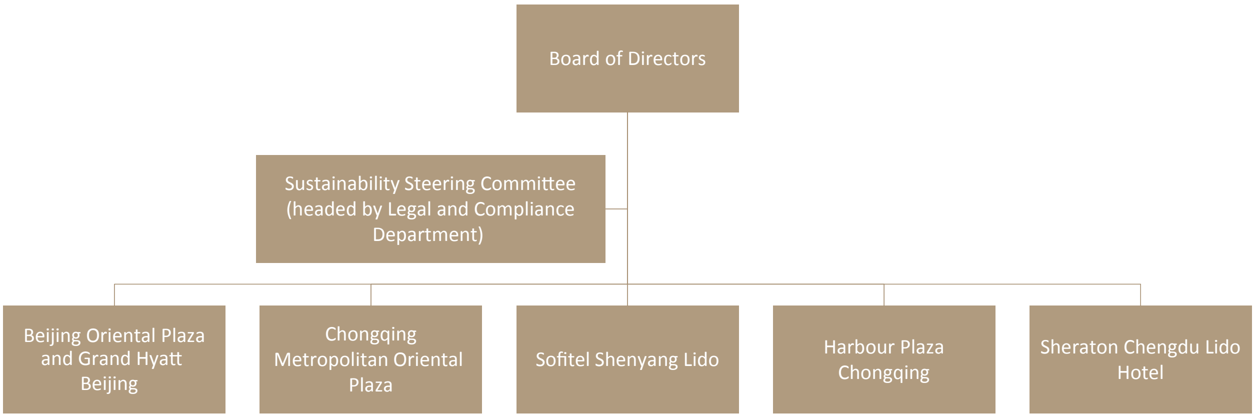
Hui Xian REIT's four-pillar sustainability strategy

Forging ethical and responsible business — Anti-bribery and anti-corruption — Service quality — Customer data privacy and security — Sustainable procurement	***Protecting the environment*** — Greenhouse gas emissions reduction — Energy efficiency — Water efficiency — Waste reduction — Environmental impact mitigation
Caring for our community — Care for the underprivileged — Contribution to the community	***Building a positive workplace*** — Employee's rights and their working environments — Occupational health and safety — Ongoing training and development

Sustainability Management

Hui Xian REIT's board has overall responsibility for environmental, social and governance ("ESG") strategy and reporting. In addition, our Sustainability Steering Committee — led by the Legal and Compliance Department — oversees our sustainability work.

The committee regularly updates the board on our sustainability performance. It also recommends proposals for the formulation and execution of sustainability strategy.



Stakeholder Engagement

To deliver long-term value to our stakeholders, it is crucial to understand and address their concerns. Their opinions on our business and sustainability help guide our ongoing improvement. We conduct comprehensive engagement exercises regularly with internal and external stakeholders to address their concerns.

Key stakeholders	Major engagement methods
Unitholders	• Investor meetings • Annual general meeting and/or other general meetings • Annual and interim reports • Investor relations website page
Employees	• Online surveys • Meetings • Employee activities • Interviews
Tenants	• Meetings • Interviews • Helpdesk
Customers	• Customer satisfaction surveys • Customer hotline • Website and social media
Suppliers	• Assessments and audits • Supplier selection
Charity partners	• Philanthropic activities

Without significant changes to the business nature and scale during the Reporting Year, we continued to improve our sustainability strategy formulation. The ten issues in bold were deemed top priorities by our stakeholders and business. They will be prioritised and discussed in detail in this report.

Sustainability aspects	Priorities (higher importance in bold)
Environmental	**Energy conservation** **Water conservation** **Environmental impact of resource use** **Waste management** Sewage treatment Greenhouse gas emissions Environmental protection initiatives Biodiversity Land degradation, pollution and restoration
Employment and labour practices	**Employee career development** **Occupational safety and health** Workforce diversity Employee remuneration and welfare Employee training and education Child and forced labour prohibition
Operating practices	**Anti-corruption** **Service quality** **Intellectual property rights** **Customer privacy** Supplier management
Community	Integration of community development and business Contribution to community

FORGING ETHICAL AND RESPONSIBLE BUSINESS

We manage our business with integrity, to establish and maintain long-term partnerships with our stakeholders. Besides complying with laws and regulations in a highly regulated industry, we have taken the initiative to forge an ethical and responsible business.

Anti-bribery and Anti-corruption

Our trusted relationships are built and fostered by our value on integrity. We have zero tolerance of corruption and practices that deviate from our Code of Conduct.

This strong culture of integrity helped Hui Xian REIT and its assets to comply with the Prevention of Bribery Ordinance, Provisional Regulations on Prohibition of Bribery, and Laws of the People's Republic of China on Tenders, Bids and Anti-money Laundering.

Anti-corruption guidelines are set out in a code of conduct in our Employee Handbook. Anti-corruption and anti-bribery training is provided to employees by the asset company.

During the Reporting Year, our Legal and Compliance Department completed a compliance inspection on transactions at the Chongqing Metropolitan Oriental Plaza. This is part of an ongoing effort to minimise our financial crime risk.

A whistle-blowing mechanism reinforces ethical business practices at an operational level. Some business units have a 24-hour Ethics Point, which can be accessed online or via a toll-free number. Staff can use the platform anonymously and confidentially to report any suspicious activities.

Service Quality

Our staff are dedicated to offering high-quality service to customers. We are committed to observing the applicable regulations such as Protecting Consumers' Rights and Interests and Advertising Law of the People's Republic of China.

Our excellent service earned the following awards and acknowledgements during the Reporting Year:

Beijing Oriental Plaza

- *Beijing Commercial Brand Top 10* Beijing Business Innovation Award
- *That's Beijing* Shopping Destination of the Year (The Malls)
- *winshang.com* One-stop Fashionable Shopping Centre

Grand Hyatt Beijing

- *La Liste* The World's Best Restaurant Selection
- *Tatler* Beijing's Best Restaurants
- *Best Hotel Annual Award* Best Hotel Chinese Restaurant

Shenyang Lido

- *Business Traveller Awards* Best Business Hotel in Shenyang
- *China's Best Hotel Selection Committee* Best Hotel Serviced Apartment

Harbour Plaza Chongqing

- *Chongqing Municipal State Security Team* State Security Bureau Recognition to Advanced Units

Sheraton Chengdu

- *Marriott International* SPG Moments Annual Awards in China Top 3 — Central West China
- *China's Best Hotel Selection Committee* The 9th Best Hotels Awards — Best Urban Business Hotel
- *China Hotel Fashion List Awards* Best Business Hotel of the Year

Customer Relations and Service

Communication with customers

Constant outreach to customers is essential to understand and cater to our guests' needs. Our hotels invite feedback and suggestions concerning the service and areas for improvement. Ongoing training is provided to hotel staff to improve their communication skills with customers.

Complaint handling

Should complaints arise from any aspect of our service, our feedback mechanisms respond swiftly. At Harbour Plaza Chongqing, Sales and Marketing Department collects comments from travel websites and relays feedback to the relevant departments. Our hotels require negative comments to be handled within 48 hours. Regular customer relations training is conducted to enable hotel staff to respond appropriately.

Customers' health and safety

We endeavour to safeguard the quality of all services and products for our customers' health and safety. For example, Beijing Oriental Plaza conducted tests to monitor and improve the indoor air quality. All requirements of the Procedures on Hygiene Management of Central Air-conditioning Ventilation Systems were met.

As an ongoing preventative measure for food hygiene, our hotels conduct checks every morning to ensure that catering staff maintain good personal hygiene and are healthy to prepare food for the customers. Suppliers are required to produce food circulation permits when delivering ingredients to our hotels. Some of the hotels also commission third-party food safety audits if necessary.

We continued to enhance fire safety and security service hardware during the Reporting Year. Sheraton Chengdu and Beijing Oriental Plaza upgraded their fire systems while Shenyang Lido replaced its surveillance system with a new model. Beijing Oriental Plaza also upgraded the office building security access system.

Customer Data Privacy and Security

We pay extra attention to safeguard customers' data privacy and security. Apart from confidential data handling guidelines, our standard procedures ensure such information is handled in a proper manner by authorised personnel. Customers' credit card numbers are partially concealed in hotel records.

Hotel staff are trained to detect illegally installed cameras in guest rooms. All staff must refrain from activities prohibited by the Tort Law of the People's Republic of China. We respect intellectual property rights by using photos for promotion from our own galleries.

Sustainable Procurement

All suppliers and contractors, including those engaged during the Reporting Year, are required to abide by our Supplier Code of Conduct and contracts in various aspects, including business conduct, employment practice, anti-corruption, workplace health and safety, and environmental performance.

Our sustainable procurement strategies extend our commitment for environment to our supply chain. In our annual supplier selection and assessment process, we recognise suppliers which are environmentally-friendly. We prioritise those with certified management systems, including ISO 14001 Environmental Management System and ISO 9001 Quality Management. Harbour Plaza Chongqing and Shenyang Lido also undertake annual supplier audits on sustainability matters.

PROTECTING THE ENVIRONMENT

We have a comprehensive policy to enhance the environmental performance of our retail properties, offices, serviced apartments and hotels.

The planning, execution and monitoring of environmental initiatives are delegated to a task force at each asset to cover areas such as energy and resources conservation, pollution control and waste management. All of our activities conform to the Environmental Protection Law of the People's Republic of China.

Energy Efficiency and Greenhouse Gas Emissions

We continue to commit to energy saving and greenhouse gas control.

We take the following measures to improve energy efficiency and curb our greenhouse gas ("GHG") emissions:

- Replace lighting with energy-saving luminaires such as LED lights.
- Regularly checking to identify abnormal energy consumption.
- Commission third-party carbon auditing for further carbon reduction.
- Participate in Earth Hour to raise environmental awareness.

Total energy consumption by all assets in 2018		
Total energy consumption	Gigajoules (GJ)	557,430
Electricity	Kilowatt hour (kWh)	81,664,270
Heat	GJ	107,862
Natural gas	m^3	3,956,297
Diesel	L	15,147
Petrol	L	30,160
Energy intensity		
Retail and office	GJ/m^2	0.30
Hotel and serviced apartment	GJ/room night	0.77

Total GHG emissions by all assets in 2018[1]		
Total emissions	Tonnes of carbon dioxide equivalent (tCO_2e)	79,780
GHG emissions by scope		
Scope 1	tCO_2e	11,290
Scope 2	tCO_2e	68,490
GHG intensity		
Retail and office	tCO_2e/m^2	0.05
Hotel and serviced apartment	tCO_2e/room night	0.09

To reduce energy consumption and GHG emissions, we aligned our actions with the Plan for Greenhouse Gas Control under the 13th Five-year Plan and complied with the Law of the People's Republic of China on Conserving Energy.

1 This report adopts definitions set out in the Greenhouse Gas (GHG) Protocol regarding direct and indirect emissions:

- 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 which occur at sources owned or controlled by another entity (Scope 2), including purchased electricity, steam and heat consumption.

Case study: Sheraton Chengdu's energy efficiency initiatives

Sheraton Chengdu is committed to reducing its energy consumption by 30% by the end of 2020. During the Reporting Year, it implemented energy-efficient measures to curb GHG emissions. To combat high temperatures caused by sunlight, a sunshade net was installed on the glass ceiling to lower the ambient temperature of the swimming pool from 3°C to 5°C and to cut the air-conditioning's electricity consumption by 10%. Old steam pipes were replaced to improve efficiency. The system now requires 2% less gas to maintain an optimal temperature.

Water Efficiency

Water is an important natural resource. We are committed to incorporating conservation initiatives into our daily operations and have installed sub-meters to monitor consumption.

At Beijing Oriental Plaza, waterless urinals are used, and grey water is collected for flushing, irrigation and landscaping. Grand Hyatt Beijing uses water-efficient products that cater to the needs of tenants and guests. Harbour Plaza Chongqing encourages guests to indicate if they do not need fresh bedding. This reduces usage of water.

Total water consumption by all assets in 2018		
Total water consumption	m^3	1,545,855
Water intensity		
Retail and office	m^3/m^2	1.23
Hotel and serviced apartment	m^3/room night	1.33

Wastewater generated by our assets is discharged into the municipal sewage system. Our effluent quality meets the standard set by the Law of the People's Republic of China on Water Pollution Prevention and Control.

Waste Reduction

We have long strived to reduce the generation and treatment of waste at our assets. We materially comply with the laws and regulations in the People's Republic of China on this aspect.

We prioritise waste reduction, recycling and reuse over disposal. At Sheraton Chengdu, waste produced by catering services is collected and separated into dry and wet. Dry waste — such as paper, glass and plastic — is selected for recycling. Wet waste would be frozen and handled by a third party. At Harbour Plaza Chongqing, solid waste, cooking oil, electronic waste and hazardous waste are collected and handled by a qualified third party.

We promote resource efficiency by using environmentally friendly alternatives across our assets. Harbour Plaza Chongqing uses social media app and other electronic means for promotions, instead of printed materials. The restaurants have replaced plastic bags with paper bags for takeaways. Grand Hyatt Beijing has replaced plastic products, including straws and laundry bags, with sustainable alternatives.

Total waste recycled by all assets in 2018		
Paper	tonnes	114
Plastic	tonnes	26
Fluorescent light tubes	tonnes	1
Food	tonnes	758
Grease	L	13,493

Total waste disposed of by all assets in 2018		
Non-hazardous waste	tonnes	1,068
Hazardous waste	tonnes	611

Environmental Impact Mitigation

Apart from reducing our own environmental impact, we mitigate potentially adverse effects arising from our supply chain. At Shenyang Lido, we prioritise suppliers with ISO 14001 certification. Harbour Plaza Chongqing and Sheraton Chengdu strictly prohibit shark fin procurement. At Sheraton Chengdu, local ingredients are always preferred over imports, to reduce the carbon footprint.

Case study: Sheraton Chengdu promotes environmental awareness

In July 2018, Sheraton Chengdu collaborated with the public welfare education group Chengdu New Living Environmental Protection and Management Centre to promote environmental protection. Around 50 of our hotel catering staff distributed brochures and conducted training on waste classification. These activities demonstrated a high level of environmental consciousness and produced notable results. They helped raise the environmental awareness of our employees and promoted efficient use of resources.

BUILDING A POSITIVE WORKPLACE

The success of our business depends on the dedication and expertise of our employees. Beyond providing productive and healthy workplaces, we offer employees competitive remuneration and benefits, career development opportunities and work-life balance activities.

Inclusive and Productive Workplaces

Our relationship with our employees is based on trust and respect. Hui Xian REIT's and each assets' employment policy and employee handbook cover important aspects such as equal opportunities, rights, benefits and codes of conduct. Specific topics, such as human trafficking and information security, are addressed by individual assets.

We have zero tolerance for any form of workplace discrimination, namely age, race, gender, religion, sexual orientation, family status or disability. Communication channels are in place to allow employees to voice out their concerns about rights or suspected misconduct. We prohibit the use of child and forced labour in all aspects of our business.

Our policies are regularly reviewed for compliance, including the Employment Law, Contract Law, Employment Promotion Law and Social Insurance Law of the People's Republic of China, Regulations on Minimum Wages, Law on the Protection of Women's Rights, Regulations on Prohibition of Child Labour and Law of the People's Republic of China on Minor Protection. We have materially complied with the laws and regulations during the Reporting Year.

We have additional initiatives to foster a pleasant work environment. These include modernising some staff facilities, namely providing audio-visual rooms (to allow employees to take part in cultural programmes after work), gyms and lactation rooms with refrigerators. Annual corporate picnics and quarterly birthday parties have been held to foster employee relationships. We have arranged health checks for staff and invited health experts to conduct seminars for our employees' interest.

Occupational Safety and Health

Occupational health and safety is pivotal for a productive workplace. Relevant policies and operating procedures are in place to comply with all applicable laws and regulations, including the Law of Occupational Disease Prevention, Fire Law of the People's Republic of China and Law of the People's Republic of China on Emergency Response.

Our assets promote workplace health and safety and enhance emergency response preparedness. Alongside frequent reminders and health checks, we have enhanced our incident-reporting mechanisms to improve workplace safety.

Continuous Training and Development

Training and development opportunities help our employees to grow and thrive. In addition to an annual salary review, there will also be a performance review on our employees, to enhance their professional development. They can also discuss concerns with their supervisors in monthly counselling sessions.

We offer orientation programmes for newcomers, and training opportunities for existing employees. During the Reporting Year, classes were held on customer services, product and service offerings, contract and dispute handling, trademark and lien rights, workplace management, communication and collaboration skills. Some of our assets also introduced online learning platforms. These training initiatives received positive feedback from employees.

We nurture staff with high potential. For example, attachment programmes offer opportunities for secondment to different hotels, to broaden their experience. We give priority to our employees who are interested in our internal positions.

CARING FOR OUR COMMUNITY

We recognise the value of community interaction in working towards a sustainable society. We utilise our operational strengths to actively support projects that bolster involvement and development at a local level.

During the Reporting Year, we participated in community development activities. Beijing Oriental Plaza's 'Love Donation — Liberation Wardrobe' initiative donated clothes to the Beijing Disaster Relief Management Centre. Grand Hyatt Beijing donated furniture, equipment and around 1,200 books to Hanjialou Lianxiao Primary School in Shijiazhuang, Hebei Province. The hotel also supported Beijing Children's Hope Family and Sunvillage by donating daily essentials — including baby formula, laundry detergent, clothes and hand soaps — to underprivileged children.

Our hotel management companies organise fundraising activities. Sheraton Chengdu took part in the Run to Give event and the Marriott Central & West China Charity Golf Tournament. The proceeds were donated to Operation Smile.

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.	Protecting the Environment
	KPI A1.1 The types of emissions and respective emissions data.	Not material to Hui Xian REIT's business
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting the Environment
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting the Environment
	KPI A1.4 Total nonhazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting the Environment
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Protecting the Environment
	KPI A1.6 Description of how hazardous and nonhazardous waste are handled, reduction initiatives and results achieved.	Protecting the 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.	Protecting the 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).	Protecting the Environment
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Protecting the Environment
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Protecting the 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.	Protecting the Environment
	KPI A2.5 Total packaging material used for finished products (in tonnes) with, if applicable, 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.	Protecting the Environment
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources, and the actions taken to manage them.	Protecting the 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.	Building a Positive Workplace

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.	Building a Positive Workplace
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Building a Positive Workplace
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.	Building a Positive Workplace
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Forging Ethical and Responsible Business
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.	Forging Ethical and Responsible Business
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.	Forging Ethical and Responsible Business
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.	Caring for Our 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 2018, 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.

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 2018 were Mr. KAM Hing Lam (chairman and non-executive director); Mr. CHEUNG Ling Fung, Tom (chief executive officer and executive director), Mr. LEE Chi Kin, Casey (chief operating officer and executive director) and Ms. LAI Wai Yin, Agnes (chief financial officer and executive director); Mr. IP Tak Chuen, Edmond and Mr. LIM Hwee Chiang (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).

During the year ended 31 December 2018, (i) Mr. YIN Ke resigned as a non-executive director, a member of the Audit Committee and a member and the Chairman of the Designated (Finance) Committee of the Manager with effect from 8 January 2018; (ii) Ms. LAI Wai Yin, Agnes was appointed as an executive director with effect from 8 January 2018; and (iii) Mr. IP Tak Chuen, Edmond, a non-executive director, was appointed as a member and the Chairman of the Designated (Finance) Committee, with effect from 8 January 2018.

BOARD COMPOSITION

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

Save as disclosed above, there were no changes to the composition of the Board or any of its committees during the year ended 31 December 2018. 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;

(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); and

(4) the Board will take into account of the Board diversity policy adopted, as amended from time to time.

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 2018. 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
Ms. LAI Wai Yin, Agnes (chief financial officer)	4/4
Non-executive Directors	
Mr. IP Tak Chuen, Edmond	4/4
Mr. LIM Hwee Chiang	4/4
Independent Non-executive Directors	
Mr. CHENG Hoi Chuen, Vincent	4/4
Professor LEE Chack Fan	3/4
Dr. CHOI Koon Shum, Jonathan	0/4

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.

The Manager recognizes the benefits of having diversity in the composition of the Board. All Board appointments will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service. The ultimate decision will be based on merit and the contribution that the Director will bring to the Board, taking into account the business model and specific needs of the Hui Xian REIT.

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 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 2018, the other members of the Audit Committee were Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan (both INEDs), Mr. IP Tak Chuen, Edmond (non-executive director) and Mr YIN Ke (non-executive director). Mr. YIN Ke resigned with effect from 8 January 2018.

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 2018 to (among others) consider and review the annual results for the year ended 31 December 2017, the interim results for the six months ended 30 June 2018, 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	1/2
Dr. CHOI Koon Shum, Jonathan	1/2
Mr. IP Tak Chuen, Edmond	2/2

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 2018, 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 2018 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	1/2

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 2018, the members of the Designated (Finance) Committee were Mr. YIN Ke (resigned with effect from 8 January 2018), Mr. IP Tak Chuen, Edmond (appointed with effect from 8 January 2018), Mr. CHEUNG Ling Fung, Tom and Dr. CHOI Koon Shum, Jonathan. Mr. IP Tak Chuen, Edmond was the chairman of the Designated (Finance) Committee (with effect from 8 January 2018).

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 2018.

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 2018, upon completion of the disposal by CSI REITs Investment Management Company Limited (a subsidiary of CITIC Securities International Company Limited) of its entire 40% shareholding in World Deluxe Enterprises Limited (the sole shareholder of the Manager) to Wealth Finder Limited (a subsidiary of CK Asset Holdings Limited ("CKAH") on 8 January 2018, the Manager is indirectly owned as to 70% by CKAH and 30% by ARA Asset Management Limited ("ARA"). 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 2018 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; and

(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), private real estate funds, country desks, infrastructure and real estate management 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.

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 director of the ultimate holding company 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 was held in the year ended 31 December 2018 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
Ms. LAI Wai Yin, Agnes (chief financial officer)	1/1
Non-executive Directors	
Mr. IP Tak Chuen, Edmond	1/1
Mr. LIM Hwee Chiang	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 2018 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 128 to 133 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 2018.

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 is set out in the section on Directors' Biographical Information on pages 67 to 70 of this annual report. There was no change in the information of the Directors since the last published interim report save as the following:

(i) Mr. LIM Hwee Chiang has ceased to be the Chairman and is now a Council member of the property management committee of the Singapore Chinese Chamber of Commerce & Industry; he has also ceased to be the Managing Director of Chinese Chamber Realty Private Limited and a Director of the Financial Board of the Singapore Chinese Chamber of Commerce; he has become the Chairman of the Straits Real Estate and Lim Hoon Foundation, a Patron of Jurong Spring Citizens' Consultative Committee and the Securities Investors Association of Singapore; and

(ii) Professor LEE Chack Fun has been appointed as a non-executive director of Zhaobangji Properties Holdings Limited with effect from 22 October 2018.

COMPLIANCE WITH THE COMPLIANCE MANUAL

During the year ended 31 December 2018, 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 2018 has been reviewed by the Audit Committee and the Disclosures Committee.

NEW UNITS ISSUED

In the year ended 31 December 2018, (i) an aggregate of 32,580,837 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 138,343,746 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 2017 to 31 December 2017 and the interim distribution for the period from 1 January 2018 to 30 June 2018.

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 2018.

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 2018.

INTERNAL CONTROL AND RISK MANAGEMENT

BACKGROUND

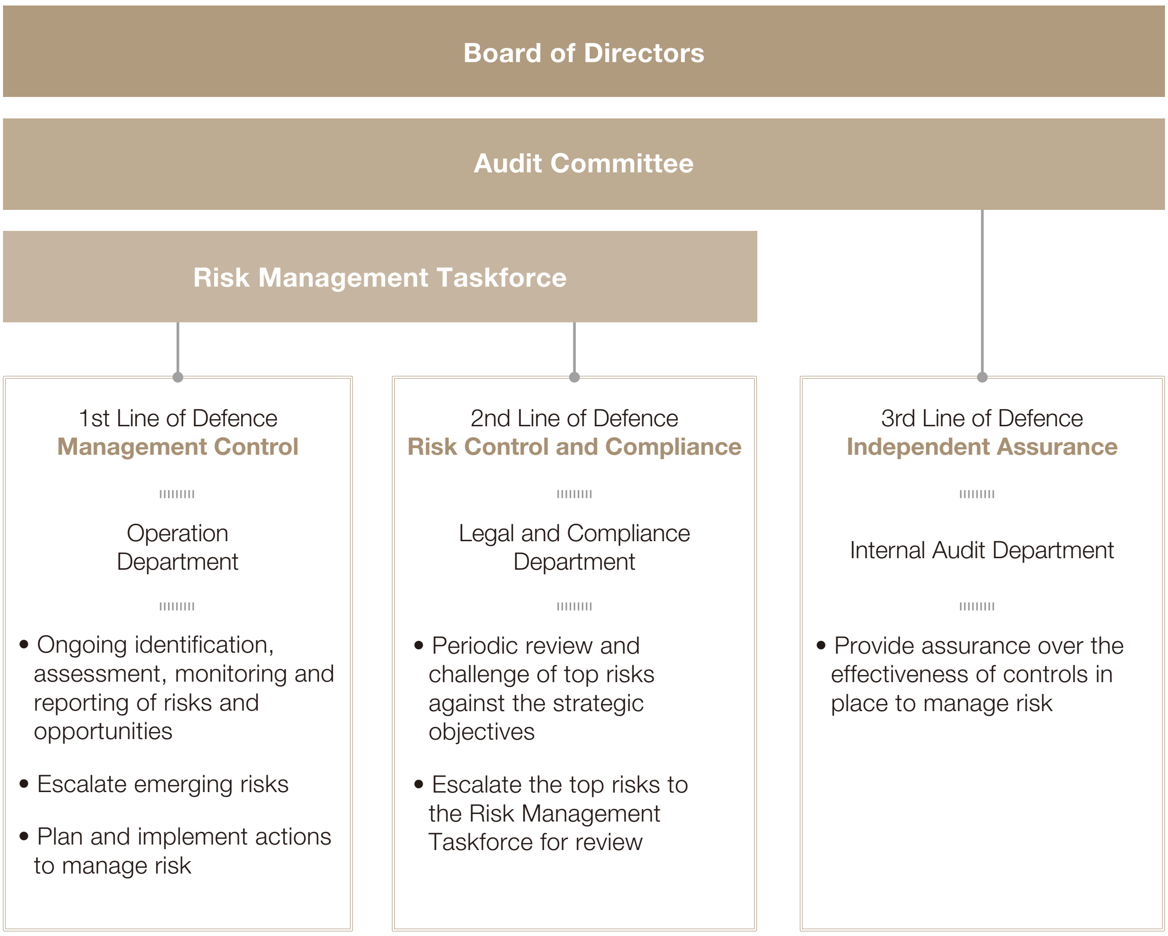
To maintain good corporate governance, Hui Xian REIT implements a structured risk management framework to identify, assess and manage operational risks at an earlier stage. Throughout the Reporting Period, Hui Xian REIT has complied with the relevant Provisions of the Corporate Governance Code and the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

Eight audit reviews were conducted in the year ended 31 December 2018. 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.

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. Throughout the year ended 31 December 2018, 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 2018, 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 2018:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2018 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 significant holders[1]	Leasing and licensing transaction	814
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 significant holders[1]	Leasing and licensing transaction	13
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of significant holders[1]	Leasing and licensing transaction	997
Cheung Kong (Holdings) Limited Beijing Office	Associated company of significant holders[1]	Leasing and licensing transaction	8
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	131
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 significant holders[1]	Leasing and licensing transaction	1,582
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 significant holders[1]	Leasing and licensing transaction	1,050
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	1,357

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2018 RMB'000
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 significant holders[1]	Leasing and licensing transaction	71
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	71
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 significant holders[1]	Leasing and licensing transaction	47
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	71
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	584
CK Asset Holdings Limited	Holding company of significant holders[1]	Leasing and licensing transaction	87
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 significant holders[1]	Leasing and licensing transaction	360
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	2,607
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	Associated company of significant holders[1]	Leasing and licensing transaction	453
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 significant holders[1]	Leasing and licensing transaction	28
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of significant holders[1]	Leasing and licensing transaction	211
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of significant holders[1]	Leasing and licensing transaction	397
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of significant holders[1]	Leasing and licensing transaction	1,792
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of significant holders[1]	Leasing and licensing transaction	1,911
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of significant holders[1]	Leasing and licensing transaction	66

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2018 RMB'000
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	480
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[2]	Leasing and licensing transaction	1,109
Bank of China Limited	Associated company of a significant holder[3]	Leasing and licensing transaction	29,147
香港貿易發展局 (The Hong Kong Trade Development Council*)	Associate of a director of Manager[4]	Leasing and licensing transaction	364
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[4]	Leasing and licensing transaction	199
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of significant holders[1]	Hotel room revenue	1
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	Associated company of significant holders[1]	Hotel room revenue	1
CK Infrastructure Holdings Limited	Associated company of significant holders[1]	Hotel room revenue	13
和記地產集團有限公司 (Hutchison Property Group Limited*)	Associated company of significant holders[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 significant holders[1]	Hotel room revenue	127
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of significant holders[1]	Hotel room revenue	24
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of significant holders[1]	Hotel room revenue	5
德意志銀行 (Deutsche Bank AG*)	Holding company of the Trustee[2]	Hotel room revenue	1
Bank of China Limited	Associated company of a significant holder[3]	Hotel room revenue	145
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	Associated company of a significant holder[3]	Hotel room revenue	8
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[4]	Hotel room revenue	118

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2018 RMB'000
復旦大學 (Fudan University*)	Associate of a director of Manager[4]	Hotel room revenue	15
澳門大學 (University of Macau*)	Associate of a director of Manager[4]	Hotel room revenue	1
香港鐵路有限公司 (MTR Corporation Limited*)	Associate of a director of Manager[5]	Hotel room revenue	6
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	Associate of a director of Manager[5]	Hotel room revenue	3
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	Associated company of significant holders[6]	Hotel room revenue	1
中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited*)	Associated of a director of significant holders[7]	Hotel room revenue	8
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	Associated of directors of significant holders[8]	Hotel room revenue	3
中信証券股份有限公司 (CITIC Securities Company Limited*)	Substantial shareholder of Manager and associate of a director of a significant holder[9]	Hotel room revenue	6
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	Associated company of significant holders[1]	Food & beverages and other hotel income	1
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of significant holders[1]	Food & beverages and other hotel income	4
武漢屈臣氏個人用品商店有限公司 (Wuhan Watson's Personal Care Stores Co., Ltd.*)	Associated company of significant holders[1]	Food & beverages and other hotel income	1
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 significant holders[1]	Food & beverages and other hotel income	1
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 significant holders[1]	Food & beverages and other hotel income	142
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of significant holders[1]	Food & beverages and other hotel income	452
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of significant holders[1]	Food & beverages and other hotel income	27

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2018 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 significant holders[1]	Food & beverages and other hotel income	61
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of significant holders[1]	Food & beverages and other hotel income	69
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*	Associated company of significant holders[1]	Food & beverages and other hotel income	10
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	118
Bank of China Limited	Associated company of a significant holder[3]	Food & beverages and other hotel income	48
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	Associated company of a significant holder[3]	Food & beverages and other hotel income	4
中銀集團投資有限公司 (Bank of China Group Investment Limited*)	Associate company of a significant holder[3]	Food & beverages and other hotel income	3
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	1
復旦大學 (Fudan University)	Associate of a director of Manager[4]	Food & beverages and other hotel income	22
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	Associate of a director of Manager[5]	Food & beverages and other hotel income	8
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	Associate company of a significant holder[6]	Food & beverages and other hotel income	5
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	Associate of directors of significant holders[8]	Food & beverages and other hotel income	22
中信証券股份有限公司 (CITIC Securities Company Limited*)	Substantial shareholder of Manager and associate of a director of a significant holder[9]	Food & beverages and other hotel income	7
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder[10]	Interest Income	— ^
Bank of China Limited	Associated company of a significant holder[3]	Interest Income	7,584

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2018 RMB'000
Bank of China (Hong Kong) Limited	Associated company of a significant holder[3] and associate of a director of Manager[4]	Interest Income	42
Hui Xian Asset Management Limited	Manager	Reimbursement of staff cost	1,154
Total			**56,280**

Notes:

1 Significant holders being Noblecrown Investment Limited ("Noblecrown") and Heathcliff Developments Limited ("Heathcliff").

2 Trustee being DB Trustees (Hong Kong) Limited.

3 Bank of China Limited is an associated company of Noblecrown and Healthcliff, both of them are significant holders of Hui Xian REIT, and these companies are subsidiaries or associated companies of Bank of China Limited.

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

5 An associate of Mr. Cheng Hoi Chuen, Vincent, being the independent non-executive director of Manager. Mr. Cheng ceased to be an independent non-executive director of China Minsheng Banking Corp. Limited with effect from 15 June 2018.

6 The company is an associated company of Po Lian Enterprises Limited ("Po Lian") and/or China Life Insurance (Overseas) Company Limited, each of which a significant holder of Hui Xian REIT, and is a subsidiary or an associated company of China Life Insurance (Group) Company.

7 The Company is an associate of Mr. Gong Jianzhong, who is a director of Lucky Star International Holdings Inc. ("Lucky Star"), a significant holder of Hui Xian REIT up to 13 December 2018.

8 An associate of (i) Mr. KAM Hing Lam who is director of Noblecrown and Heathcliff; (ii) Mr. IP Tak Chuen, Edmond who is director of Noblecrown; (iii) Mr. CHUNG Sun Keung, Davy who is director of Noblecrown and (iv) Mr. CHOW Wai Kam, Raymond who is director of Heathcliff. Noblecrown and Heathcliff are significant holders of Hui Xian REIT.

9 CITIC Securities Company Limited was an indirect substantial shareholder of the Manager until 8 January 2018. This company is an associate of Mr. Kuang Tao who is both a director of China Life Insurance (Overseas) Company Limited and/or Po Lian, each of which a significant holder of Hui Xian REIT. Mr. Kuang has become the director of CITIC Securities Company Limited with effect from 6 September 2018.

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

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.

^ 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 2018:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2018 RMB'000
Joinpower Holdings Limited	Associated company of significant holders[1]	Reversal of warranty claims	768
Cheerjoy Limited	Associated company of significant holders[1]	Reversal of warranty claims	768
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of significant holders[1]	Property management fee	19,179
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of significant holders[1]	Property management fee	21,294
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associated company of significant holders[1]	Property management fee	16,474
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	Associated company of significant holders[1]	Property management fee	426
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of significant holders[1]	Internet services fee	965
CK Asset Holdings Limited	Holding company of significant holders[1]	Internet services fee	18
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 Beverage Company Limited Beijing Beverages Branch*)	Associated company of significant holders[1]	Beverages	397
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of significant holders[1]	Cleaning supplies	1,210
Harbour Grand Hong Kong Catering Limited	Associated company of significant holders[1]	Hotel services	154
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	Associated company of significant holders[1]	Trademark license fee	36
CK Asset Holdings Limited	Holding company of significant holders[1]	Insurance expense	— ^
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[2]	Insurance expense	397

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2018 RMB'000
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[3]	Insurance expense	1,390
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[3]	Insurance expense	190
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder[4]	Interest expense	20,157
Bank of China (Hong Kong) Limited	Associated company of a significant holder[2] and associate of a director of Manager[5]	Interest expense	62,761
Bank of China Limited Macau Branch	Associated company of a significant holder[2]	Interest expense	2,960
Bank of China Limited	Associated company of a significant holder[2]	Bank charges and agency fee	3,651
Bank of China (Hong Kong) Limited	Associated company of a significant holder[2] and associate of a director of Manager[5]	Bank charges and agency fee	110
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	77,572
D&P China (HK) Limited	Principal Valuer	Valuation fee	514
D&P China (HK) Limited	Principal Valuer	Title Verification service fee	34
Total			**231,425**

Notes:

1. Significant holders being Noblecrown Investment Limited ("Noblecrown") and Heathcliff Developments Limited ("Heathcliff").

2. Bank of China Limited is an associated company of Noblecrown and Healthcliff, both of them are significant holders of Hui Xian REIT, and these companies are subsidiaries or associated companies of Bank of China Limited.

3. The company is an associated company of Po Lian Enterprises Limited ("Po Lian") and/or China Life Insurance (Overseas) Company Limited, a significant holder of Hui Xian REIT, and is a subsidiary or an associated company of China Life Insurance (Group) Company.

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

5. Associates of Dr. CHOI Koon Sum, Jonathan, being the independent non-executive director of the Manager.

* The English name is shown for identification purpose only.

^ 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 2018 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 55 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 2018 were RMB4,051,000 and RMB144,849,000 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 2018 on pages 142 to 144 of this Annual Report. For the year ended 31 December 2018, the valuation fee payable to the principal valuer, D&P China (HK) Limited, was RMB514,000.

Revolving Credit Facilities of US$180 Million Granted by Hui Xian Holdings Limited to Hui Xian Investment Limited Dated 16 November 2017

During the year ended 31 December 2018, no revolving credit facilities was utilised by Hui Xian REIT group.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 31 December 2018, 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 2018	
Name	No. of Units held	Percentage of Units held[1]
Hui Xian (Cayman Islands) Limited[2]	**0**	**0.00%**
Other subsidiaries of CK Asset Holdings Limited ("CKAH")[3]	**1,863,758,088**	**32.37%**
Li Ka Shing Foundation Limited[4]	**600,000**	**0.01%**
Subsidiaries of China Life Insurance (Group) Company[5]	**865,406,000**	**15.03%**
The Hongkong and Shanghai Banking Corporation Limited[4]	**31,169,851**	**0.54%**
Subsidiary of ARA Asset Management Limited[6]	**198**	**0%**
Subsidiary of Orient Overseas (International) Limited[7]	—	—

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 5,757,337,072 Units in issue as at 31 December 2018.

2. Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman") held 375,000,000 Units during the period from 1 January 2018 up to 21 May 2018, Hui Xian Cayman 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 2018. Please refer to Hui Xian Holding's deemed interest under the SFO in paragraph 3(i) below.

3. These subsidiaries of CKAH were Noblecrown Investment Limited ("Noblecrown") (held 1,077,798,832 Units as at 31 December 2018), Wisdom Ally Limited ("Wisdom Ally") (held 157,092,165 Units as at 31 December 2018), Wealth Finder Limited ("Wealth Finder") (held 33,440,442 Units as at 31 December 2018), Heathcliff Developments Limited ("Heathcliff Developments") (held 579,738,788 Units as at 31 December 2018) and Hui Xian Asset Management Limited ("Manager") (held 15,687,861 Units as at 31 December 2018). All these companies were significant holders of Hui Xian REIT.

   Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager:

   (i) during the period from 1 January 2018 to 21 May 2018, 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) as at 31 December 2018, 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) as at 31 December 2018, Noblecrown, of which Wisdom Ally, Wealth Finder and the Manager were its subsidiaries, was taken to have an interest in the Units held by Wisdom Ally, Wealth Finder and the Manager respectively; and

   (iv) as at 31 December 2018, 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, Wealth Finder and the Manager.

4. Associate of Mr. LI Tzar Kuoi, Victor who was a director of Noblecrown, a significant holder of Hui Xian REIT

5. The subsidiaries were China Life Insurance (Overseas) Co. Ltd and Po Lian Enterprises Limited which are significant holders of Hui Xian REIT.

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

7. The subsidiary was Far Gain Investment Limited ("Far Gain"), a controlling entity of Hui Xian Holdings and Hui Xian Cayman, which were in turn significant holders of Hui Xian REIT during the period from 1 January 2018 to 21 May 2018. After 21 May 2018, Far Gain ceased to be a connected person of Hui Xian REIT when Hui Xian Cayman and Hui Xian Holdings ceased to be significant holders of Hui Xian REIT, and therefore Orient Overseas (International) Limited and its subsidiaries and/or associates ceased to be connected person(s) of Hui Xian REIT. As at 21 May 2018, Far Gain held 24,230,000 Units.

Interests of the Manager

As at 31 December 2018, the Manager held 15,687,861 Units in Hui Xian REIT.

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

As at 31 December 2018, 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 2018 Number of Units held
KAM Hing Lam	**831,073**[1]
IP Tak Chuen, Edmond	**1,100,000**[2]
CHEUNG Ling Fung, Tom	**83,015**[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 2018.

DIRECTORS' BIOGRAPHICAL INFORMATION

KAM Hing Lam, aged 72, 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, a Member of Nomination Committee 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 breadth 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 was 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 52, is an Executive Director and the Chief Executive Officer of Hui Xian Asset Management Limited (the "Manager"), a chairman 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 27 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 56, 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 51, 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 29 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 66, 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, a member of Nomination Committee 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.

Except 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 62, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is also the Co-Founder, 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 primary listed on The Stock Exchange of Hong Kong Limited and secondary listed on the Singapore Exchange Securities Trading Limited in Singapore), ARA Trust Management (Suntec) Limited (the manager of Singapore-listed Suntec REIT) and ARA Asset Management (Prosperity) Limited (the manager of Hong Kong-listed Prosperity REIT). Mr. LIM is also the Chairman of APM Property Management Pte. Ltd. and Suntec Singapore International Convention & Exhibition Services Pte. Ltd.

Mr. LIM is Chairman of the Asia Pacific Real Estate Association ("APREA"), the Consultative Committee to the Department of Real Estate, National University of Singapore, Straits Real Estate and Lim Hoon Foundation. He is a Patron of Jurong Spring Citizens' Consultative Committee and the Securities Investors Association of Singapore ("SIAS"). He is also a Council Member of Singapore Chinese Chamber of Commerce and Industry and an Independent Director and Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited.

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 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr. LIM, along 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.

CHENG Hoi Chuen, Vincent, aged 70, 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, Shanghai Industrial Holdings Limited, Wing Tai Properties Limited and CK Hutchison Holdings Limited, and he was an Independent Non-executive Director of China Minsheng Banking Corp., Ltd. up to in or around mid–June 2018. Except Hui Xian Asset Management Limited, all the aforementioned companies are listed companies. 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 73, 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. Professor LEE has been appointed as a non-executive director of Zhaobangji Properties Holdings Limited with effect from 22 October 2018. He is also an Independent Non-executive Director of South Shore Holdings Limited (formerly known as The 13 Holdings Limited). Professor LEE was an Independent Non-executive Director of AID Life Science Holdings Limited (previously known as AID Partners 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 61, 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 Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference of the PRC. He also holds a number of public positions including Chairman of the Hong Kong Chinese General Chamber of Commerce, Chairman of Guangdong-HK-Macao Bay Area Entrepreneurs Union, 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 34 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 18 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 27 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 5, 2019

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.: 88676A

Dear Sirs,

Pursuant to the terms and conditions of an Engagement Letter dated December 13, 2016 between ourselves, we are instructed by you, 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 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").

As instructed, we, D&P China (HK) Limited ("D&P") has made a determination of the value in its existing state of the Property as of December 31, 2018 (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 represents 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 to be 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 reports 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 reports.

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 reports. 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 reports.

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 is 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 reports 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 (2017 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 reports 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 and 1-lower ground 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 square metres *(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	129,775
Office	309,768
Serviced Apartment	96,968
Hotel	110,259
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	71,294
Office	304,216
Serviced Apartment	92,834
Total:	**468,344**

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, 2018
Valuation Methodology:	Income Capitalization Approach and Direct Comparison Approach
Market Value in Existing State:	

Uses	Market Value in Existing State *(RMB)*
Retail	14,355,000,000
Office	14,973,000,000
Serviced Apartment	2,570,000,000
Hotel	3,160,000,000
Basement	290,000,000
Total:	**35,348,000,000**

The Property mainly comprises retail, office, hotel, service apartment 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 REPORT

Retail Portion — The Shopping Mall

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2018 (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 1,800 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 and 1-lower ground level with a total gross floor area of approximately 129,775 square metres. The total lettable area is approximately 71,294 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, 2018 provided to us, the retail portion of the Property is let under various tenancies for various terms with the latest expiring on November 30, 2026, yielding a total monthly rental income of RMB78,670,247 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 RMB1,058,208 from January 2018 to December 2018. The occupancy rate of the retail portion of the Property as at valuation date was about 99.0%.	14,355,000,000

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 RMB335,000 in 2018.

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	70,616	99.0%
Vacant	678	1.0%
Total	**71,294**	**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
2014	3,749	5.31	2,852,198	3.61	7	2.25
2015	9,831	13.92	7,615,747	9.65	21	6.75
2016	18,832	26.67	22,022,457	27.90	75	24.12
2017	15,481	21.92	20,934,638	26.52	77	24.76
2018	22,160	31.38	25,245,207	31.99	129	41.48
2019	563	0.80	257,566	0.33	2	0.64
Total	**70,616**	**100.00**	**78,927,813**	**100.00**	**311**	**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
2018	954	1.35	1,661,880	2.11	10	3.22
2019	14,961	21.19	20,359,302	25.79	82	26.37
2020	16,564	23.46	24,006,055	30.42	97	31.19
2021	15,478	21.92	19,622,494	24.86	83	26.69
2022	5,305	7.51	3,796,009	4.81	11	3.54
2023	8,510	12.05	5,488,761	6.95	20	6.43
2024	5,665	8.02	3,559,004	4.51	5	1.60
2025	–	–	–	–	–	–
2026	3,179	4.50	434,308	0.55	3	0.96
Total	**70,616**	**100.00**	**78,927,813**	**100.00**	**311**	**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	1,492	2.11	2,181,742	2.76	13	4.18
More than 1 year and up to 2 years	2,463	3.49	3,792,099	4.81	23	7.40
More than 2 years and up to 3 years	22,424	31.75	38,038,692	48.19	169	54.34
More than 3 years and up to 4 years	4,000	5.67	5,550,787	7.04	30	9.65
More than 4 years and up to 5 years	20,294	28.74	18,794,116	23.81	52	16.72
More than 5 years and up to 6 years	11,510	16.30	9,472,791	12.00	17	5.47
More than 6 years and up to 7 years	603	0.85	103,000	0.13	2	0.64
More than 7 years and up to 8 years	7,830	11.09	994,586	1.26	5	1.60
Total	**70,616**	**100.00**	**78,927,813**	**100.00**	**311**	**100.00**

* As at the date of valuation, the total monthly income includes the monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB275,000 per month which is the average rental receivable of the entire lease term of 2 new tenancies. The monthly rental of approximately RMB257,600 shown in the analysis of existing tenancy profile reflects the average rental receivable of 2 new tenancies in 2019 only.

** As at the date of valuation, there are 311 tenancies (total leased rentable area of about 70,616 square metres), in which 309 tenancies (about 70,053 square metres) are with lease terms already commenced and 2 tenancies (about 563 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 REPORT

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, 2018 (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 1,800 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 approximately 304,216 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, 2018 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring on May 31, 2029, yielding a total monthly rental income of RMB86,217,553 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 RMB260,000 in 2018. The total occupancy rate of the office portion of the Property as at valuation date was about 95.7%.	14,973,000,000

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	291,021	95.7
Owner-occupied	2,419	0.8
Vacant	10,776	3.5
Total	**304,216**	**100.0**

Tenancy Commencement Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2013	853	0.29	255,900	0.30	1	0.18
2014	21,207	7.29	5,245,022	6.06	22	4.04
2015	26,516	9.11	6,680,749	7.72	16	2.94
2016	69,944	24.03	18,999,642	21.96	117	21.47
2017	71,298	24.50	23,255,740	26.88	170	31.19
2018	98,696	33.91	31,780,500	36.74	215	39.45
2019	2,507	0.87	289,384	0.34	4	0.73
Total	**291,021**	**100.00**	**86,506,937**	**100.00**	**545**	**100.00**

Tenancy Expiry Profile

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
2018	34,890	11.99	8,457,890	9.78	29	5.32
2019	133,301	45.80	38,913,063	44.98	251	46.06
2020	67,642	23.24	21,628,067	25.00	145	26.61
2021	40,980	14.08	13,333,972	15.41	98	17.98
2022	1,871	0.64	476,441	0.55	4	0.73
2023	6,300	2.16	2,159,517	2.50	11	2.02
2024	5,155	1.78	1,450,890	1.68	6	1.10
2025	–	–	–	–	–	–
2026	–	–	–	–	–	–
2027	–	–	–	–	–	–
2028	–	–	–	–	–	–
2029	882	0.31	87,097	0.10	1	0.18
Total	**291,021**	**100.00**	**86,506,937**	**100.00**	**545**	**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	3,583	1.23	1,389,455	1.61	8	1.47
More than 1 year and up to 2 years	34,508	11.86	10,886,750	12.58	108	19.82
More than 2 years and up to 3 years	123,018	42.27	39,242,171	45.36	286	52.48
More than 3 years and up to 4 years	89,164	30.64	25,811,248	29.84	121	22.20
More than 4 years and up to 5 years	–	–	–	–	–	–
More than 5 years and up to 6 years	15,984	5.49	4,505,878	5.21	12	2.20
More than 6 years and up to 7 years	23,029	7.91	4,328,438	5.00	8	1.47
More than 7 years and up to 8 years	–	–	–	–	–	–
More than 8 years and up to 9 years	–	–	–	–	–	–
More than 9 years and up to 10 years	853	0.29	255,900	0.30	1	0.18
More than 10 years	882	0.31	87,097	0.10	1	0.18
Total	**291,021**	**100.00**	**86,506,937**	**100.00**	**545**	**100.00**

* As at the date of valuation, the total monthly income includes the monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB775,000 per month which is the average rental receivable of the entire lease term of 4 new tenancies. The monthly rental of approximately RMB289,400 shown in the analysis of existing tenancy profile reflects the average rental receivable of 4 new tenancies in 2019 only.

** As at the date of valuation, there are 545 tenancies (total leased rentable area of about 291,021 square metres), in which 541 tenancies (about 288,514 square metres) are with lease terms already commenced and 4 tenancies (about 2,507 square metres) is 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)
Guanghua Chang An Building	No. 7 Jian Guo Men Nei Main Avenue	1996	Asking	Jan 2019	55,000
Yinhe SOHO Building	No. 7 Xiaopaifang Hutongjia	2012	Asking	Jan 2019	55,000
New Poly Building	Dong Sishitiao Xinanjiao	2006	Asking	Jan 2019	59,000

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.

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 REPORT

Serviced Apartment Portion

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2018 *(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 1,800 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 96,968 square metres. The lettable areas of apartment portion is 92,834 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, 2018 provided to us, this portion of the Property is let under various tenancies for various terms with the latest expiring on August 15, 2021, yielding a total monthly rental income of RMB10,274,411 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 serviced apartment portion of the Property as at valuation date was about 93.04%.	2,570,000,000

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	86,369	93.04
Owner-occupied	1,114	1.20
Vacant	5,351	5.76
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	96	0.11	11,532	0.11	1	0.15
2017	4,239	4.91	518,395	4.96	32	4.75
2018	80,595	93.32	9,744,484	93.12	629	93.32
2019	1,439	1.66	189,672	1.81	12	1.78
Total	**86,369**	**100.00**	**10,464,083**	**100.00**	**674**	**100.00**

Tenancy Expiry Profile

Year	Leased Area (sq.m.) (approx.)	% of total	Monthly Rental (RMB) (approx.)	% of total	No. of Tenancies	% of total
2018	2,914	3.37	365,825	3.50	21	3.11
2019	77,809	90.10	9,396,884	89.80	615	91.25
2020	4,787	5.54	562,195	5.37	35	5.19
2021	859	0.99	139,179	1.33	3	0.45
Total	**86,369**	**100.00**	**10,464,083**	**100.00**	**674**	**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	72,765	84.25	8,867,374	84.74	576	85.46
More than 1 year and up to 2 years	12,745	14.76	1,458,022	13.93	95	14.09
More than 2 years and up to 3 years	859	0.99	138,687	1.33	3	0.45
Total	**86,369**	**100.00**	**10,464,083**	**100.00**	**674**	**100.00**

* As at the date of valuation, the total monthly income includes the monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB190,000 per month.

** As at the date of valuation, there are 674 tenancies (total leased rentable area of about 86,369 square metres), in which 662 tenancies (about 84,930 square metres) are with lease terms already commenced and 12 tenancies (about 1,439 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 REPORT

Hotel Portion

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2018 *(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 1,800 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 110,259 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, 2018 was about 75.6%.	3,160,000,000

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 REPORT

Basement Portion — Car Parking Spaces

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2018 (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 1,800 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, 2018 provided to us, the car park spaces are let under various licenses on monthly and hourly basis yielding an average monthly income of RMB2,121,000 exclusive of management fee and value-added tax.	290,000,000

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 (the "City") 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. The City is governed as a direct-controlled municipality under the national government with 16 urban, suburban and rural districts.

Beijing Retail Market

The retail market in Beijing is considered to be stable. In Q3 2018, the rental growth rate slightly increased by 2.7% y-o-y basis while the occupancy rate remained stable at about 93%. In Q3, the average monthly rental of level 1 in the city was about RMB941 per sq.m..

The demand for retail space was mainly from the F&B and fashion categories, which accounted for 33.6% and 23.6% of total leasing demand. Some retailers would co-operate with the landlords to create unique themed experiences and events. For example, Beijing APM partnered with Light Painting World Alliance to put on a display of emerging art form for customers.

The Beijing government has continued to regulate the office market in core retail area. In September 2018, Beijing authorities announced the "Catalogue of Prohibitions and Restrictions on New Industries in Beijing (2018 Edition)" in which commercial and retail development(s) with over 10,000 sq.m within Third Ring Road area are forbidden. It led to a limited supply in core area.

In Q3 2018, the supply of retail space has remained low. Only one project with a total GFA of 110,000 sq.m was launched. The total stock of shopping mall increased to 9.83 million sq.m while the stock of department store remained at 2.1 million sq.m..

As impacted by the government policy, the supply of retail in city centre will become scarce; and new supply is expected to be moved to the outside of Fourth Ring Road and sub-urban areas.

Beijing Office Market

The leasing activities in office market remains active. In Q3 2018, the market rent has increased by 11% year on year basis, reached an overall average monthly unit rent of about RMB367 per square metres The vacancy rate in the third quarter was about 6.5%.

The demand for Grade A office remains strong, especially in the IT, financial and professional services sectors. In the leasing market, financial sector still has a preference in the traditional CBD. Major transactions in Q3 included Sinatay Insurance leasing 2,250 sq.m in World Finance Centre and Toutiao leasing 5,049 sq.m in Oriental Plaza, etc.

Similarly, the Beijing government has continued to regulate the office market in core office area by implementing "Catalogue of Prohibitions and Restrictions on New Industries in Beijing (2018 Edition)". As per latest policy, office developments are forbidden in certain areas. These areas include Dongcheng, district, Xicheng district and also the East, West and North Fifth Ring Road and South Fourth Ring Road areas of Chaoyang, Haidian, Fengtai and Shijingshan districts. This limits the supply of office building in CBD of Beijing.

In Q3 2018, three projects, Taiping Financial Centre, COFCO Landmark and Hatemen Plaza West Tower, were completed; and three new projects were expected to enter to market in Q4 2018. It has contributed approximately 279,000 square metres GFA into Grade A office market.

As the new supply are located in the non-prime area, decentralization of office spaces will continue in the future. It is expected to see the redevelopment and upgrading of existing stock in Beijing office market in core areas.

Beijing Serviced Apartment Market

One new serviced apartment project, Orientino Executive Apartments, was launched in Q3 2018. The apartment provides 102 units. The supply of serviced apartment increased to about 8,300 units at the end of Q3 2018.

The demand for service apartments was driven by the domestic professionals and executives who can afford higher rents. As of Q3 2018, the rental of serviced apartment has increased by 4.2% q-o-q to about RMB254 per sq.m per month while the occupancy rate was about 90%. In 2018, the supply of serviced apartment remained at low level with only one project being launched.

Consideration of high demand, low supply and the regulation of market rental, the rent and occupancy rate of serviced apartments is expected to continue to grow at a stable pace.

Beijing Hotel Market

Three hotels contributing of approximately 380 rooms opened in H2 2018. The supply of hotel rooms is considered to be moderate.

From the demand side, total visitor arrivals to Beijing increased by 3% y-o-y to 2.6 million int August 2018. The increase was mainly due to the increase in the number of Korean and the US visitors. As of Q3 2018, the occupancy rate, Average Daily Rates and Revenue Per Available Room for upscale hotels have increased by 4.7%, 8% and 13%, 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 D&P.

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 5, 2019

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.: 88676B

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, 2018 (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. 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 (2017 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 square metres
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.) (approx.)
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	58,022
Office	50,505
Total:	**108,527**

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, 2018
Valuation Methodology:	Income Capitalization Approach and Direct Comparison Approach

Market Value in Existing State:

Uses	Market Value in Existing State (RMB)
Retail	2,710,000,000
Office	924,000,000
Basement (Car Park Spaces)	44,000,000
Total:	**3,678,000,000**

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, 2018 (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 approximately 88,919 square metres and 58,022 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, 2018 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 RMB6,640,882 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 75.6% while the owner-occupied retail portion of the Property was 9.4%.	2,710,000,000

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 RMB392,000 in 2018. The other income is approximately RMB823,000 in 2018.

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	43,890	75.6%
Owner-occupied	5,455	9.4%
Vacant	8,677	15.0%
Total	**58,022**	**100.0%**

Tenancy Commencement Profile (excluding rental income from turnover rent & owner-occupied portion & part of hotel's retail portion)

Year	Leased Area (sq.m.) (approx.)	% of total	Monthly Rental (RMB) (approx.)	% of total	No. of Tenancies	% of total
2013	–	–	–	–	–	–
2014	–	–	–	–	–	–
2015	94	0.21	62,747	0.94	1	1.47
2016	29,039	66.16	5,855,780	88.18	7	10.29
2017	2,653	6.05	478,335	7.20	13	19.12
2018	12,004	27.35	238,306	3.59	46	67.65
2019	100	0.23	5,714	0.09	1	1.47
Total	**43,890**	**100.00**	**6,640,882**	**100.00**	**68**	**100.00**

Tenancy Expiry Profile (excluding rental income from turnover rent & owner-occupied portion & part of hotel's retail portion)

Year	Leased Area (sq.m.) (approx.)	% of total	Monthly Rental (RMB) (approx.)	% of total	No. of Tenancies	% of total
2018	344	0.79	30,889	0.47	4	5.88
2019	3,183	7.25	135,236	2.04	28	41.18
2020	836	1.91	399,953	6.02	8	11.76
2021	1,187	2.70	78,867	1.19	9	13.24
2022	25,721	58.60	5,452,513	82.11	6	8.83
2023	4,507	10.27	109,057	1.63	8	11.76
2024	1,216	2.77	38,172	0.57	3	4.41
2025	–	–	–	–	–	–
2026	2,590	5.90	19,048	0.29	1	1.47
2027	–	–	–	–	–	–
2028	–	–	–	–	–	–
2029	–	–	–	–	–	–
2030	–	–	–	–	–	–
2031	4,306	9.81	377,147	5.68	1	1.47
Total	**43,890**	**100.00**	**6,640,882**	**100.00**	**68**	**100.00**

Tenancy Duration Profile (excluding rental income from turnover rent & owner-occupied portion & part of hotel's retail portion)

Year	Leased Area *(sq.m.) (approx.)*	% of total	Monthly Rental *(RMB) (approx.)*	% of total	No. of Tenancies	% of total
Up to 1 year	2,282	5.20	49,166	0.74	19	27.94
More than 1 year and up to 2 years	1,411	3.22	65,331	0.98	15	22.06
More than 2 years and up to 3 years	1,028	2.34	410,383	6.18	9	13.24
More than 3 years and up to 4 years	580	1.32	58,930	0.89	5	7.35
More than 4 years and up to 5 years	1,500	3.42	99,240	1.49	5	7.35
More than 5 years and up to 6 years	30,193	68.79	5,561,638	83.75	13	19.12
More than 6 years and up to 7 years	–	–	–	–	–	–
More than 7 years	6,896	15.71	396,194	5.97	2	2.94
Total	**43,890**	**100.00**	**6,640,882**	**100.00**	**68**	**100.00**

* As at the date of valuation, the total monthly income includes the monthly rental receivable from tenancy with lease term not yet commenced, amounting to approximately RMB6,000 per month.

** As at the date of valuation, there are 68 tenancies (total leased rentable area of about 43,890 square metres), in which 67 tenancies (about 43,790 square metres) are with lease terms already commenced and 1 tenancy (about 100 square metres) is with lease term not yet commenced

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, 2018 *(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 approximately 54,617 square metres and 50,505 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, 2018 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 RMB5,255,918 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 87.3% while the owner-occupied office portion of the Property was 3.1%.	924,000,000

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 RMB151,000 in 2018.

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	44,074	87.3
Owner-occupied	1,555	3.0
Vacant	4,876	9.7
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	579	1.31	81,111	1.54	2	1.47
2016	12,059	27.36	1,516,467	28.85	34	25.00
2017	16,466	37.36	1,928,785	36.70	45	33.09
2018	14,970	33.97	1,729,555	32.91	55	40.44
Total	**44,074**	**100.00**	**5,255,918**	**100.00**	**136**	**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
2018	2,353	5.34	265,146	5.04	6	4.41
2019	17,990	40.82	2,294,929	43.66	58	42.65
2020	12,436	28.22	1,484,457	28.24	35	25.74
2021	9,467	21.48	1,017,344	19.36	32	23.53
2022	1,453	3.30	145,890	2.78	4	2.94
2023	375	0.84	48,152	0.92	1	0.73
Total	**44,074**	**100.00**	**5,255,918**	**100.00**	**136**	**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	1,358	3.08	180,287	3.43	5	3.68
More than 1 year and up to 2 years	8,831	20.04	1,116,385	21.24	31	22.79
More than 2 years and up to 3 years	22,595	51.27	2,542,139	48.37	66	48.53
More than 3 years and up to 4 years	9,037	20.50	1,162,214	22.11	29	21.32
More than 4 years and up to 5 years	1,156	2.62	132,297	2.52	3	2.21
More than 5 years and up to 6 years	1,097	2.49	122,596	2.33	2	1.47
Total	**44,074**	**100.00**	**5,255,918**	**100.00**	**136**	**100.00**

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)*
FC Centre	Jiefangbei	2012	Asking	November 2018	19,600
WFC Centre	Jiefangbei	2013	Asking	December 2018	20,000
Yingli International Financial Centre	Jiefangbei	2010	Asking	December 2018	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, 2018 (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, 2018 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 RMB3,300,000.	44,000,000

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

Only one project, China Resources Wanxianghui, opened its doors in Chongqing in Q3 2018. The addition of Wanxianghui increased the city's retail property market stock to 5.9 million sq.m. The project aims to be a one-stop shopping mall for families in the immediate area.

Leasing demand was weak in the city during Q3 2018. Coupled with the closure of several retailers, Chongqing's citywide vacancy rate increased by 0.2% q-o-q basis to 13.2%, rising for the fourth consecutive quarter. Due to weak market demand and a continuous increase in vacancy rates, the city-wide, mall first-floor retail rent fell by 0.1% q-o-q basis to RMB388.7 per sq.m. per month.

Supply of about 500,000 sq.m would debut by the end of 2018. And over 90% of this space is located in non-core retail areas. Meanwhile, in Jiefangbei, which is one of the city's core business areas, Wangfujing department store will close down by the end of the year. With part of Parkson department store in MixC and Fortune Centre currently undergoing renovation, these developments reflect the intense market competition facing department stores.

Chongqing Office Market

Chongqing's economic development kept up its momentum in 1H 2018. Data from the Chongqing Bureau of Statistics showed that regional GDP for 1H 2018 was RMB982.1 billion, an increase of 6.5% y-o-y basis. The contribution from tertiary industries increased by 9.3% y-o-y basis to RMB515.9 billion. From January to June 2018, investment in real estate development stood at RMB196.8 billion, an increase of 10% y-o-y basis.

There was no new supply on offer in Q3 2018. City-wide Grade A office stock remained at around 2,300,000 sq.m. Net take-up was 51,000 sq.m. in Q3 2018, a decrease of nearly half y-o-y basis. The dip pushed up city-wide vacancy rates to 38.7%, down 2.7 ppts q-o-q. The core area of Jiangbeizui accounted for about 80% of city-wide net take-up in office space. As Chongqing's core business district, Jiefangbei accounted for about 20% of total new leasing transactions city-wide in Q3/2018, in deals that came mainly from financial services. However, due to a large amount of tenancy withdrawals in strata-titled projects, the relatively low net take-up caused vacancy rates to fall only 0.1 ppts q-o-q to 32%. As a result, average rents dropped 0.4% q-o-q to RMB97.1 per sq.m. per month.

It is expected that the Chongqing Grade A office supply market will decline to a total of 100,000 sq.m. or less. With help from local policy initiatives, Chongqing will attract more companies from outside the city, and high-tech companies in particular will seek further take-up in the near future.

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 D&P.

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 5, 2019

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.: 88676D

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 Nos. 370 and 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370及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 to 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, 2018 (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 (2017 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 Nos. 370 & 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370及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:	9,370.00 sq.m. for Hotel Portion and 375.18 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 78,451.41 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/ Real Estate Certificate:	**The Hotel Portion:** Shen Fang Quan Zheng Shi He Ping Zi Di Nos. 12749 and 12750 (瀋房權證市和平字第12749及12750號) Liao (2018) Shen Yang Shi Bu Dong Chan Quan Zheng Di No. 0106750 (遼(2018)瀋陽市不動產權證第0106750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, 2018
Valuation Methodology:	**The Hotel Portion:** Income Capitalization Approach and Discounted Cash Flow
Market Value in Existing State:	**The Hotel Portion:** RMB820,000,000 **The Staff Quarter Portion:** No Commercial Value

VALUATION REPORT

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2018 (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 78,451 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 2018 was 33.7%	820,000,000

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 Real Estate Certificate (不動產權證), Liao (2018) Shen Yang Shi Bu Dong Chan Quan Zheng Di No. 0106750 (遼(2018)瀋陽市不動產權證第0106750號) issued by the Planning and Land Resources Bureau of Shenyang City (瀋陽市規劃和國土資源局), the buildings with gross floor area of 21,390.92 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 REPORT

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2018 (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 square 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 2017 was about RMB523 per night and 59%, 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 D&P.

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 5, 2019

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.: 88676C

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, 2018. (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, 2018
Valuation Methodology:	Income Capitalization Approach and Discounted Cash Flow
Market Value in Existing State:	**The Hotel Portion:** RMB349,000,000 **The Serviced Apartment Portion:** RMB57,000,000

EXECUTIVE SUMMARY OF PROPERTY 2

Property:	The Property is a 37-storey hotel including basement levels with a total gross floor area of approximately 56,350 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, 2018
Valuation Methodology:	Income Capitalization Approach and Discounted Cash Flow
Market Value in Existing State:	RMB727,000,000

VALUATION CERTIFICATE

No.	Property	Description	Particular of Occupancy	Market Value of Hotel Portion in existing state as of December 31, 2018 *(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 41,358 sq.m while the total GFA of service apartment portion of the Property is about 10,880 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 93. The said renovation works is scheduled to be completed by the middle of 2019. 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.	349,000,000 **Market Value of Serviced Apartment Portion in existing state as of December 31, 2018** *(RMB)* 57,000,000

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 2017, 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. The average daily rate in the city is about RMB500 while the occupancy rate is about 66%. Chongqing city also experienced positive revenue per available room growth, it increased about 10% and reached about RMB310 in 2017.

In 2018, the number of visitors has reached about 550 million including international and domestic visitors.

VALUATION CERTIFICATE

No.	Property	Description	Particular of Occupancy	Market Value in existing state as of December 31, 2018 *(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.	727,000,000

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.

In 2017, hotel performance in Chengdu tends to be stable. the average daily rate in the city is about RMB590 while the occupancy rate is about 65%, the revenue per available room is about RMB380. Up and coming cities offer outsized growth potential. These cities have one or two key future demand drivers such a focus on advanced technology or as an emerging hub that is backed at the provincial or central government level. Cities such as Hangzhou and Chengdu belong to this category. These cities attract a balance of leisure and corporate demand and require a wide range of accommodations. Hotel investors have a strong view and are willing to bet on demand drivers, and higher yields in return for the added risk. These markets are dominated by domestic investors, though some of the braver foreign investors and those that have an established presence and experience in China, also venture into these cities.

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 D&P.

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 19 May 2017) for the period from 1 January 2018 to 31 December 2018.

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

Hong Kong, 11 March, 2019

INDEPENDENT AUDITOR'S REPORT

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 134 to 208, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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 RMB33,086 million at 31 December 2018, representing 72% 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 2018, an increase in fair value of investment properties amounted to RMB25 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 and monthly average rental 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 2018, 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, which 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

The Manager 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
15 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**2018 RMB million**	2017 RMB million
Revenue	5	**3,201**	3,199
Other income	6	**280**	273
Increase (decrease) in fair value of investment properties	13	**25**	(497)
Inventories consumed		**(46)**	(47)
Staff costs		**(174)**	(155)
Depreciation and amortisation		**(358)**	(343)
Other operating expenses	7	**(896)**	(888)
Finance costs	8	**(297)**	(262)
Exchange (loss) gain		**(508)**	758
Fair value gain on derivative financial instruments		**23**	–
Manager's fees	9	**(145)**	(160)
Real estate investment trust expenses	10	**(11)**	(21)
Gain on bargain purchase on acquisition of subsidiaries	23(a)	**–**	85
Profit before taxation and transactions with unitholders		**1,094**	1,942
Income tax expense	11	**(551)**	(502)
Profit for the year, before transactions with unitholders		**543**	1,440
Distributions to unitholders		**(1,517)**	(1,489)
Loss for the year, after transactions with unitholders		**(974)**	(49)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of land and related costs upon transfer to investment properties, net of tax		**8**	–
Total comprehensive expense for the year		**(966)**	(49)
Profit for the year, before transactions with unitholders attributable to:			
Non-controlling interests		**(31)**	(16)
Unitholders		**574**	1,456
		543	1,440
Basic earnings per unit *(RMB)*	12	**0.1012**	0.2635

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 RMB million	2017 RMB million
Profit for the year, before transactions with unitholders	**543**	1,440
Non-controlling interests	**31**	16
Profit for the year attributable to unitholders, before transactions with unitholders	**574**	1,456
Adjustments *(Note (i))*:		
Manager's fees	**101**	109
Deferred tax	**31**	(23)
Distributable depreciation and amortisation	**203**	201
(Increase) decrease in fair value of investment properties	**(25)**	497
Net unrealised exchange gain on bank loans and loan front-end fee	**–**	(763)
Gain on bargain purchase on acquisition of subsidiaries	**–**	(85)
	310	(64)
Distributable income	**884**	1,392
Additional items *(Note (ii))*:		
Depreciation and amortisation arising from fair value adjustments	**52**	47
Net unrealised exchange loss on bank loans and loan front-end fee	**456**	–
Net realised exchange gain on bank loan and loan front-end fee	**75**	–
Other cash distributions	**50**	50
	633	97
Amount available for distribution	**1,517**	1,489
Payout ratio *(Note (iii))*	**100%**	100%
Distributions to unitholders *(Note (iv))*		
— Interim distribution paid	**804**	761
— Final distribution payable	**713**	728
	1,517	1,489
Distribution per unit *(RMB) (Note (iv))*		
Interim distribution per unit	**0.1414**	0.1377
Final distribution per unit	**0.1239**	0.1304
	0.2653	0.2681

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2018, Manager's fees paid and payable in units of RMB101 million (15,972,413 units issued and 15,873,595 units estimated to be issued) out of the total Manager's fees of RMB145 million. The difference of RMB44 million is paid or payable in cash.

For the year ended 31 December 2017, Manager's fees paid and payable in units of RMB109 million out of the total Manager's fees of RMB160 million. The difference of RMB51 million is paid or payable in cash.

(b) Deferred tax charge of RMB16 million (2017: RMB20 million) in relation to accelerated tax depreciation and deferred tax charge of RMB15 million (2017: deferred tax credit of RMB43 million) in relation to changes in fair value of investment properties.

(c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB203 million (2017: RMB201 million) represented by depreciation and amortisation of RMB210 million (2017: RMB211 million) less capital expenditure of RMB7 million (2017: RMB10 million).

(d) Increase in fair value of investment properties of RMB25 million (2017: decrease in fair value of RMB497 million).

(e) Net unrealised exchange gain on bank loans and loan front-end fee of RMB763 million for the year ended 31 December 2017.

(f) Gain on bargain purchase on acquisition of subsidiaries of RMB85 million for the year ended 31 December 2017 *(Note 23(a))*.

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") and Chengdu Changtian Co., Ltd. totalling RMB52 million (2017: RMB47 million).

(2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB456 million for the year ended 31 December 2018.

(3) Net realised exchange gain on bank loan and loan front-end fee of RMB75 million for the year ended 31 December 2018.

(4) Other cash distributions of RMB50 million (2017: RMB50 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 2018 represent a payout ratio of 100% (2017: 100%) of Hui Xian REIT's distributable income for the year.

(iv) The interim distribution per unit of RMB0.1414 for the six months ended 30 June 2018 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB804,265,161 over 5,687,051,439 units, representing issued units as at 30 June 2018. The final distribution per unit of RMB0.1239 for the six months ended 31 December 2018 is calculated based on 100% of Hui Xian REIT's amount available for distribution for the year of RMB1,517,316,383, less distribution to unitholders for the six months ended 30 June 2018, over 5,757,337,072 units, representing issued units as at 31 December 2018.

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTES	2018 RMB million	2017 RMB million
Non-current assets			
Investment properties	13	**33,086**	32,981
Property, plant and equipment	14	**2,356**	2,408
Land and related costs	15	**4,292**	4,484
Goodwill	23	**2**	2
Total non-current assets		**39,736**	39,875
Current assets			
Inventories	16	**29**	28
Land and related costs	15	**173**	172
Trade and other receivables	17	**122**	133
Bank balances and cash	18	**6,107**	7,401
Total current assets		**6,431**	7,734
Total assets		**46,167**	47,609
Current liabilities			
Trade and other payables	19	**504**	495
Tenants' deposits		**335**	292
Tax payable		**45**	46
Manager's fee payable		**73**	72
Distribution payable		**713**	728
Bank loans	20	**1,685**	5,009
Total current liabilities		**3,355**	6,642
Total assets less current liabilities	26	**42,812**	40,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTES	2018 RMB million	2017 RMB million
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	**8,236**	5,960
Tenants' deposits		**468**	490
Deferred tax liabilities	21	**7,416**	7,384
Total non-current liabilities, excluding net assets attributable to unitholders		**16,120**	13,834
Total liabilities, excluding net assets attributable to unitholders		**19,475**	20,476
Non-controlling interests		**319**	350
Net assets attributable to unitholders		**26,373**	26,783
Units in issue *('000)*	22	**5,757,337**	5,586,412
Net asset value per unit *(RMB)* attributable to unitholders	24	**4.5807**	4.7943

The consolidated financial statements on pages 134 to 208 were approved and authorised for issue by the Board of Directors of the Manager on 15 March 2019 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 2018

	Net assets Attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2017	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
Additions through acquisition of a subsidiary *(Note 23(b))*	–	123	123
	26,816	366	27,182
Profit (loss) 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)
Total comprehensive expense for the year	(33)	(16)	(49)
Net assets as at 31 December 2017	26,783	350	27,133
Units issued for settlement of Manager's fees *(Note 22)*	**102**	**–**	**102**
Units issued pursuant to the distribution reinvestment arrangement in respect of 2017 final and 2018 interim distributions *(Note 22)*	**423**	**–**	**423**
	27,308	**350**	**27,658**
Profit (loss) for the year, before transactions with unitholders	**574**	**(31)**	**543**
Distributions to unitholders			
— Interim distribution paid	**(804)**	**–**	**(804)**
— Final distribution payable	**(713)**	**–**	**(713)**
Other comprehensive income for the year	**8**	**–**	**8**
Total comprehensive expense for the year	**(935)**	**(31)**	**(966)**
Net assets as at 31 December 2018	**26,373**	**319**	**26,692**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 RMB million	2017 RMB million
Operating activities			
Profit before taxation and transactions with unitholders		**1,094**	1,942
Adjustments for:			
Loss on disposal of property, plant and equipment		**7**	6
Depreciation of property, plant and equipment		**187**	180
Amortisation of land and related costs		**171**	163
Fair value gain on derivative financial instruments		**(23)**	–
(Increase) decrease in fair value of investment properties		**(25)**	497
Gain on bargain purchase on acquisition of subsidiaries		**–**	(85)
Interest income		**(276)**	(269)
Exchange loss (gain)		**507**	(758)
Finance costs		**297**	262
Manager's fees settled by issuing units	22	**102**	115
Operating cash flows before movements in working capital		**2,041**	2,053
Increase in inventories		**(1)**	–
(Increase) decrease in trade and other receivables		**(7)**	67
Increase (decrease) in trade and other payables		**5**	(60)
Increase in tenants' deposits		**21**	16
Increase (decrease) in Manager's fee payable		**1**	(9)
Cash generated from operations		**2,060**	2,067
Income and withholding tax paid		**(523)**	(578)
Net cash from operating activities		**1,537**	1,489
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		**(3,627)**	(4,914)
Purchase of property, plant and equipment		**(149)**	(37)
Additions to investment properties	13	**(43)**	(44)
Proceeds from disposal of property, plant and equipment		**1**	–
Withdrawal of deposits in banks		**4,914**	2,262
Interest received		**294**	238
Net cash from (used in) investing activities		**1,390**	(3,249)

	NOTE	2018 RMB million	2017 RMB million
Financing activities			
Net proceeds from new bank loans raised		**–**	868
Repayment of bank loans		**(1,556)**	–
Payment of loan arrangement fee		**(33)**	–
Distributions paid to unitholders		**(1,109)**	(1,217)
Interest paid		**(259)**	(214)
Net cash inflow from derivative financial instruments		**23**	–
Net cash used in financing activities		**(2,934)**	(563)
Net decrease in cash and cash equivalents		**(7)**	(2,323)
Cash and cash equivalents at the beginning of the year		**2,487**	4,810
Cash and cash equivalents at the end of the year, represented by bank balances and cash	18	**2,480**	2,487

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.

(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.

1. GENERAL (Continued)

(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 5 January 2018, the Manager has elected to receive 70% (2017: 70%) base fee in units and 30% (2017: 30%) in cash in respect of the financial year ended 31 December 2018.

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).

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 5 January 2018, the Manager has elected to receive 70% (2017: 70%) variable fee in units and 30% (2017: 30%) in cash in respect of the financial year ended 31 December 2018.

1. GENERAL (Continued)

(c) Manager's fees (Continued)

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.

No acquisition fee was received by the Manager for the year ended 31 December 2018 (2017: RMB5,260,000).

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 derivative financial instruments 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation of consolidated financial statements (Continued)

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.

(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.

Non-controlling interests in subsidiaries are presented separately from the Group’s net assets attributable to unitholders therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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;

- 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. 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).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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.

(d) Revenue recognition

Rental income

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.

Revenue from contracts with customers (On and after 1 January 2018)

Under HKFRS 15, the Group 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.

A performance obligation is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities has been included in trade and other payables.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue recognition (Continued)

Revenue from contracts with customers (On and after 1 January 2018) *(continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (i.e. room rental and food and beverages services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation (i.e. room rental and management services (included in ancillary services income)) is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Revenue from food and beverage and other ancillary services (excluding management service) are recognized at a point in time when control of the relevant services are transferred.

Service income and revenue from room, food and beverage sales and other ancillary services (prior to 1 January 2018)

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.

Service income is recognised when services are provided.

Room rental revenue, revenue from 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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.

(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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets and financial liabilities are initially measured at fair value except for trade receivables which are initially measured in accordance with HKFRS 15 or HKAS 17 since 1 January 2018. 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payables (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 or financial liability to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9)
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that at the date of initial application / initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

***Financial assets** (continued)*

Impairment of financial assets (upon application of HKFRS 9)

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed individually for credit-impaired balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

***Financial assets** (continued)*

Impairment of financial assets (upon application of HKFRS 9) (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

***Financial assets** (continued)*

Impairment of financial assets (upon application of HKFRS 9) (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets categorised as loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

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 amounts of financial assets are reduced by impairment loss directly with the exception of trade receivables, where the carrying amount is reduced 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial liabilities and equity instruments *(continued)*

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.

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.

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.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Derecognition *(continued)*

Non-substantial modifications of financial liabilities (under HKFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Non-substantial modifications of financial liabilities (before application of HKFRS 9 on 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, at the point of modification, the carrying amount of the relevant financial liabilities is revised for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortise the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument.

(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. The recoverable amount of tangible and intangible assets are estimated individually, 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) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(n) 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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.

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 deferred tax 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 assets and liabilities are 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)

(p) 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.

(q) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(r) 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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except as described below.

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference, if any, between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The Manager reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. All financial assets of the Group continue to be measured at amortised cost. The adoption of HKFRS 9 has had no significant impact on the classification and measurement of the financial assets of the Group.

As at 1 January 2018, the Manager reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Impact arising from recently issued accounting standards (Continued)

The application of the expected credit loss model of HKFRS 9 has no material impact on the accumulated amount of impairment loss to be recognised by the 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.

Accounting policies resulting from applications of HKFRS 9 and HKFRS 15 are disclosed in Note 2.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018, if any.

The application of the HKFRS 15 has no significant impact on the timing and amounts of revenue for the year ended 31 December 2018 and retained profits at 1 January 2018.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS15 are disclosed in Note 5 and above respectively.

Except for the additional disclosures made on Notes 5,17,19 and 28, the application of the new and 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 set out in these consolidated financial statements.

At the date of authorisation of these consolidated financial statements, the Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after a date to be determined

[3] Effective for annual periods beginning on or after 1 January 2021

[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[5] Effective for annual periods beginning or after 1 January 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Impact arising from recently issued accounting standards (Continued)

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Other than certain requirement which are also applicable to leases, 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 RMB803 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.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) — Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

Except as described above, the Manager anticipates that the application of the other new and amendments to HKFRSs and an interpretation 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Investment Properties

As described in Notes 2(e) and 13, as at 31 December 2018, investment properties of RMB33,086 million (2017: RMB32,981 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 RMB4,919 million as at 31 December 2018 (2017: RMB4,904 million).

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 its 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 2018, 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 2018 and 2017. As at 31 December 2018, the carrying amounts of the Group's buildings and land and related costs are RMB2,102 million (2017: RMB2,239 million) and RMB4,465 million (2017: RMB4,656 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 mall 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.

(a) Segment revenue and results

For the year ended 31 December 2018

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	**1,212**	**1,284**	**170**	**535**	**3,201**
Segment profit	**892**	**955**	**94**	**119**	**2,060**
Increase in fair value of investment properties					**25**
Finance costs					**(297)**
Depreciation and amortisation					**(346)**
Unallocated income and gain					**300**
Unallocated expense and loss					**(648)**
Profit before taxation and transactions with unitholders					**1,094**

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

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

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, 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 (loss) gain and certain other income that are not directly related to each segmental activities, fair value change on derivative financial instruments 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:

	2018 RMB million	2017 RMB million
Malls	**17,382**	17,378
Offices	**15,906**	15,826
Apartments	**2,124**	2,199
Hotels	**4,748**	4,947
Total segment assets	**40,160**	40,350
Bank balances and cash	**5,928**	7,151
Other assets	**79**	108
Consolidated total assets	**46,167**	47,609

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 purposes 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 2018

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Others RMB million	Consolidated Total RMB million
Depreciation of property, plant and equipment	**2**	**1**	**1**	**8**	**12**	**–**	**12**
Additions to non-current assets	**42**	**6**	**9**	**134**	**191**	**1**	**192**

4. SEGMENT REPORTING (Continued)

(d) Other segment information (Continued)

For the year ended 31 December 2017

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Others RMB million	Consolidated Total RMB million
Depreciation of property, plant and equipment	2	1	1	7	11	–	11
Additions to non-current assets	33	11	12	24	80	1	81
Additions to non-current assets arising from business combinations	–	–	–	1,131	1,131	–	1,131

5. REVENUE

For the year ended 31 December 2018

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	**–**	**–**	**123**	**354**	**477**
Food and beverage	**–**	**–**	**–**	**155**	**155**
Ancillary services income	**150**	**210**	**47**	**26**	**433**
	150	**210**	**170**	**535**	**1,065**
Rental income	**1,062**	**1,074**	**–**	**–**	**2,136**
Total revenue	**1,212**	**1,284**	**170**	**535**	**3,201**
Timing of revenue recognition					
A point in time	**62**	**41**	**5**	**172**	**280**
Over time	**88**	**169**	**165**	**363**	**785**
Total	**150**	**210**	**170**	**535**	**1,065**

5. REVENUE (Continued)

***For the year ended 31 December 2018** (continued)*

All services within the scope of HKFRS 15 are for period of one year or less, except for certain management services (included in ancillary services) which are provided for a period of one year or more. For management services, the Group applied the practical expedient in HKFRS 15 to recognise revenue in the amount that the Group has the right to invoice based on the terms of the relevant agreements in which the Group bills a fixed monthly amount in advance. As permitted under HKFRS 15, the transaction price of all these services allocated to the remaining performance obligations as at 31 December 2018 is not disclosed.

For the year ended 31 December 2017

	2017 RMB million
Gross rental from investment properties	2,407
Income from hotel operation	541
Income from serviced apartments operation	151
Rental related income	100
Total	3,199

The gross rental from investment properties includes contingent rents of RMB8 million (2017: RMB10 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB655 million (2017: RMB659 million).

6. OTHER INCOME

	2018 RMB million	2017 RMB million
Interest income from banks	**276**	269
Government subsidies	**3**	3
Others	**1**	1
Total	**280**	273

7. OTHER OPERATING EXPENSES

	2018 RMB million	2017 RMB million
Advertising and promotion	**26**	25
Audit fee	**2**	2
Insurance	**6**	6
Lease agency fee	**35**	31
Property manager's fee *(Note 1(a))*	**78**	55
Property management fees	**76**	81
Repairs and maintenance	**86**	95
Other miscellaneous expenses *(Note)*	**160**	165
Stamp duty	**3**	3
Urban land use tax	**3**	3
Urban real estate tax	**301**	302
Utilities	**104**	103
Value added tax surcharges	**16**	17
	896	888

Note: Other miscellaneous expenses comprise mainly cleaning and security expenses, guest supplies and labour service fees.

8. FINANCE COSTS

	2018 RMB million	2017 RMB million
Interest expense on unsecured bank loans wholly repayable within five years	**297**	262

9. MANAGER'S FEES

	2018 RMB million	2017 RMB million
Base fee *(Note 1(c))*	**122**	121
Variable fee *(Note 1(c))*	**23**	34
Acquisition fee *(Note 1(c))*	**–**	5
	145	160

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2018 RMB million	2017 RMB million
Trustee's fee *(Note (1b))*	**4**	4
Legal and professional fees	**2**	12
Public relations — related expenses	**1**	1
Trust administrative expenses and others	**4**	4
	11	21

11. INCOME TAX EXPENSE

	2018 RMB million	2017 RMB million
The income tax expense comprises:		
Current tax		
— PRC Enterprise Income Tax	**457**	460
— Withholding tax	**65**	63
Deferred taxation *(Note 21)*	**29**	(21)
	551	502

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 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:

	2018 RMB million	2017 RMB million
Profit before taxation	**1,094**	1,942
Tax at the applicable income tax rate of 25%	**273**	486
Tax effect of different tax rates of subsidiaries operating in other regions	**(2)**	(2)
Tax effect of income not taxable for tax purpose	**(58)**	(253)
Tax effect of expenses not deductible for tax purpose	**237**	118
Utilisation of tax losses previously not recognised	**–**	(2)
Tax effect of tax losses and deductible temporary differences not recognised	**35**	89
Deferred tax on earnings of the Group's PRC subsidiaries	**66**	66
Tax charge for the year	**551**	502

12. EARNINGS PER UNIT

The earnings per unit for the year ended 31 December 2018 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB574 million by 5,674,310,742 units, being the weighted average number of units in issue during the year of 5,670,287,982 units, plus the weighted average number of units issuable for settlement of Manager’s fees for the period from 1 July 2018 to 31 December 2018 of 4,022,760 units.

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.

No diluted earnings per unit for both 2018 and 2017 were presented as there were no potential dilution of earnings per unit for both 2018 and 2017.

13. INVESTMENT PROPERTIES

	2018 RMB million	2017 RMB million
FAIR VALUE		
At the beginning of the year	**32,981**	33,534
Additions	**43**	44
Transferred from property, plant and equipment	**9**	2
Transferred from land and related costs	**51**	17
Increase (decrease) in fair value recognised in profit or loss	**25**	(497)
Transferred to property, plant and equipment	**(3)**	(26)
Transferred to land and related costs	**(20)**	(93)
At the end of the year	**33,086**	32,981

(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 2018 and 31 December 2017 by D&P China (HK) Limited, an independent professional valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. 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% (2017: 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% (2017: 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 RMB299/sq.m./ month (2017: RMB294/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 RMB310/sq.m./month (2017: RMB315/sq.m./month).	The higher the reversionary rental, the higher the fair value.

The fair value is estimated at RMB14,973 million as at 31 December 2018 (2017: RMB14,894 million).

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 % (2017: 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% (2017: 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 RMB1,123/sq.m./month (2017: RMB1,134/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 RMB1,226/sq.m./month (2017: RMB1,149/sq.m./month).	The higher the reversionary rental, the higher the fair value.

The fair value is estimated at RMB14,355 million as at 31 December 2018 (2017: RMB14,370 million).

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 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% (2017: 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 RMB1,639/space/month (2017: RMB1,545/space/month).	The higher the monthly average rental, the higher the fair value.

The fair value is estimated at RMB290 million as at 31 December 2018 (2017: RMB287 million).

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% (2017: 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% (2017: 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 RMB116 /sq.m./month (2017: RMB123/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 (2017: RMB128/sq.m./month).	The higher the reversionary rental, the higher the fair value.

The fair value is estimated at RMB924 million as at 31 December 2018 (2017: RMB921 million).

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% (2017: 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% (2017: 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 RMB160/sq.m./month (2017: RMB173/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 RMB243/sq.m./month (2017: RMB244/sq.m./month).	The higher the reversionary rental, the higher the fair value.

The fair value is estimated at RMB2,500 million as at 31 December 2018 (2017: RMB2,468 million).

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% (2017: 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 RMB743/space/month (2017: RMB695/space/month).	The higher the monthly average rental, the higher the fair value.

The fair value is estimated at RMB44 million as at 31 December 2018 (2017: RMB41 million).

Note: There is no indication that any slight change in the unobservable inputs would result in significant higher or lower fair value measurement.

The fair values of all investment properties at 31 December 2018 and 31 December 2017 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	Construction in progress RMB million	Others RMB million	Total RMB million
COST							
At 1 January 2017	2,112	579	27	150	3	73	2,944
Additions for the year	–	10	–	4	9	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	**2,428**	**726**	**51**	**176**	**12**	**156**	**3,549**
Additions for the year	**2**	**8**	**4**	**1**	**128**	**6**	**149**
Disposals for the year	**(1)**	**–**	**(1)**	**(5)**	**–**	**(12)**	**(19)**
Transfers	**16**	**–**	**–**	**20**	**(53)**	**17**	**–**
Transferred from investment properties	**–**	**–**	**3**	**–**	**–**	**–**	**3**
Transferred to investment properties	**–**	**–**	**(10)**	**–**	**–**	**–**	**(10)**
At 31 December 2018	**2,445**	**734**	**47**	**192**	**87**	**167**	**3,672**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2017	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**
Provided for the year	**128**	**28**	**3**	**16**	**–**	**12**	**187**
Eliminated on disposals	**–**	**–**	**–**	**(2)**	**–**	**(9)**	**(11)**
Transferred to investment properties	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
At 31 December 2018	**929**	**190**	**5**	**101**	**–**	**91**	**1,316**
CARRYING AMOUNTS							
At 31 December 2018	**1,516**	**544**	**42**	**91**	**87**	**76**	**2,356**
At 31 December 2017	1,627	564	48	89	12	68	2,408

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 2018 and 31 December 2017 by D&P China (HK) Limited, an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The Manager determined that no impairment was made to Buildings and Land and related costs.

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:

	2018 RMB million	2017 RMB million
Non-current asset	**4,292**	4,484
Current asset	**173**	172
	4,465	4,656

During the year ended 31 December 2018, an amount of RMB20 million (2017: RMB93 million) was transferred from investment properties.

During the year ended 31 December 2018, an amount of RMB51 million (after revaluation) (2017: RMB17 million (after revaluation)) was transferred to investment properties.

16. INVENTORIES

	2018 RMB million	2017 RMB million
Food and beverage	**4**	6
Other consumables	**25**	22
	29	28

17. TRADE AND OTHER RECEIVABLES

	2018 RMB million	2017 RMB million
Trade receivables	**29**	33
Deposits and prepayments	**17**	18
Advance to suppliers	**16**	7
Interest receivables	**38**	56
Other receivables	**22**	19
	122	133

As at 31 December 2018 and 1 January 2018, trade receivable from contracts with customers amounted to RMB24 million and RMB31 million respectively.

Aging analysis of the Group's trade receivables by invoice dates at the end of the reporting period is as follows:

	2018 RMB million	2017 RMB million
Less than or equal to 1 month	**16**	29
1–3 months	**9**	3
Over 3 months	**4**	1
	29	33

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 (2017: 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% per day in 2018 and 2017.

Hotel revenue is normally settled by cash or credit card.

Included in the Group's trade receivable balances were debtors with a carrying amount of RMB10 million as at 31 December 2017 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 was 36 days at 31 December 2017.

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB21 million which are past due as at the reporting date. Out of the past due balances, RMB4 million has been past due 90 days or more and is not considered as in default as management specifically reviewed creditability of each counterparty and considered these balances as recoverable. The Group does not hold any collateral over these balances.

Trade and other receivables are denominated in RMB.

18. BANK BALANCES AND CASH

	2018 RMB million	2017 RMB million
Cash at bank or on hand	**1,675**	1,871
Time deposits (with original maturity of three months or less)	**805**	616
Cash and cash equivalents	**2,480**	2,487
Time deposits (with original maturity of more than three months)	**3,627**	4,914
Total	**6,107**	7,401
Average interest rate per annum is as follows:		
Bank deposits — Time deposits	**1.89% to 5.30%**	1.82% to 4.80%

Bank balances and cash are denominated in the following currencies:

	2018 RMB million	2017 RMB million
RMB	**6,097**	7,361
Hong Kong Dollar ("HK$")	**9**	35
United States Dollar ("US$")	**1**	5
	6,107	7,401

19. TRADE AND OTHER PAYABLES

	2018 RMB million	2017 RMB million
Trade payables	**86**	73
Rental received in advance *(Note (i))*	**235**	218
Others *(Note (ii))*	**183**	204
	504	495

Notes:

(i) Included in rental received in advance are contract liabilities amounting to RMB59 million and RMB55 million as at 31 December 2018 and 1 January 2018 respectively related to room rental and ancillary services provided in malls, offices, apartments and hotels segments. For contract liabilities relating to malls, offices and apartments segments, the Group has right to invoice the room rental and ancillary services in advance for each month according to the terms of the relevant leases, whereas for contract liabilities relating to hotels segment, the Group has right to invoice the room rental and ancillary service in advance according to the terms of the relevant contracts. Revenue amounting to approximately RMB55 million recognised during the year ended 31 December 2018 was related to contract liabilities as at 1 January 2018. No revenue recognised during the year ended 31 December 2018 was related to performance obligation that was satisfied in prior year.

(ii) 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:

	2018 RMB million	2017 RMB million
Less than or equal to 3 months	**71**	59
Over 3 months	**15**	14
	86	73

Trade and other payables are denominated in the following currencies:

	2018 RMB million	2017 RMB million
HK$	**16**	13
RMB	**488**	482
	504	495

20. BANK LOANS

	2018 RMB million	2017 RMB million
Unsecured term loans	**9,967**	11,013
Loan front-end fee	**(46)**	(44)
	9,921	10,969

The maturities of the above bank loans are as follows:

	2018 RMB million	2017 RMB million
Within one year	**1,685**	5,009
More than one year but not exceeding two years	**1,963**	1,603
More than two years but not exceeding five years	**6,273**	4,357
	9,921	10,969
Less: Amounts shown under current liabilities	**(1,685)**	(5,009)
Amounts due after one year	**8,236**	5,960

In relation to the credit facility of HK$5,000 million (equivalent to RMB4,381 million) granted to the Group on 23 February 2018 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 2018 was HK$5,000 million (equivalent to RMB4,381 million) (31 December 2017: HK$5,000 million (equivalent to RMB4,180 million)). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.05% per annum and is repayable in full in March 2021.

In relation to the credit facility of HK$800 million (equivalent to RMB701 million) drew down by the Group on 19 July 2016, the Group fully prepaid HK$800 million (equivalent to RMB675 million) of the credit facility in June 2018.

In relation to the credit facility of HK$1,000 million (equivalent to RMB876 million) granted to the Group on 28 August 2018 to refinance the credit facility granted by the same lender in August 2015, the total amount of the credit facility utilised by the Group as at 31 December 2018 was HK$1,000 million (equivalent to RMB876 million) (31 December 2017: HK$1,000 million (equivalent to RMB836 million)). It bears interest at floating interest rate of HIBOR plus 1.05% per annum and is repayable in full in August 2022.

In relation to the credit facility of HK$1,000 million (equivalent to RMB876 million) drew down by the Group on 28 February 2017 and 8 March 2017, the Group fully prepaid HK$1,000 million (equivalent to RMB881 million) of the credit facility in December 2018.

Bank loans are guaranteed by the Trustee (in its capacity as Trustee of Hui Xian REIT) and certain subsidiaries of Hui Xian REIT.

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 2017	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**
Charge to profit or loss *(Note 11)*	**13**	**15**	**66**	**94**
Charge to reserve	**3**	**–**	**–**	**3**
Release upon distribution of earnings *(Note 11)*	**–**	**–**	**(65)**	**(65)**
At 31 December 2018	**2,422**	**4,919**	**75**	**7,416**

Note: Others represented the fair value adjustment on recognised assets and liabilities upon business combination and accelerated tax depreciation.

At 31 December 2018, no deferred tax asset was recongised for tax losses and deductible temporary differences amounting to RMB211 million (31 December 2017: RMB123 million) and RMB361 million (31 December 2017: RMB325 million) respectively. The tax losses would expire within five years.

22. UNITS IN ISSUE

As at 31 December 2018, Hui Xian REIT had 5,757,337,072 (2017: 5,586,412,489) issued units.

During the year, movements of units in issue are as below:

	Number of units	RMB million
Balance at 1 January 2017	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**
Payment of Manager's fees through issuance of new units during the year *(Note (i))*	**32,580,837**	**102**
Units issued pursuant to the distribution reinvestment arrangement in respect of 2017 final and 2018 interim distributions *(Note (ii))*	**138,343,746**	**423**
Balance at 31 December 2018	**5,757,337,072**	**28,365**

22. UNITS IN ISSUE (Continued)

Notes:

(i) Details of units issued during the year as payment of Manager's fees are as follows:

For the year ended 31 December 2018

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 2018	1 July 2017 to 31 December 2017	3.10	**16,608,424**
23 August 2018	1 January 2018 to 30 June 2018	3.15	**15,972,413**
			32,580,837

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

(ii) On 21 May 2018, 84,030,526 scrip units at an issue price of RMB3.04 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2017 final distribution.

On 27 September 2018, 54,313,220 scrip units at an issue price of RMB3.09 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2018 interim distribution.

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.

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 ended 31 December 2017, 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 ended 31 December 2017 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 ended 31 December 2017 would have been RMB3,206 million, and profit for the year ended 31 December 2017, before transactions with unitholders would have been RMB1,435 million. The pro forma 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 year ended 31 December 2017, 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 ended 31 December 2017, before transactions with unitholders is a loss of RMB5 million attributable to the business combination of the Chengdu Investment Group. Revenue for the year ended 31 December 2017 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 ended 31 December 2017 would have been RMB3,214 million, and profit for the year ended 31 December 2017, before transactions with unitholders would have been RMB1,439 million. The pro forma 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 year ended 31 December 2017, 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 Noblecrown Investment Limited ("Noblecrown"), a significant holder of Hui Xian REIT and are subsidiaries of CK Asset.

24. 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 2018 of RMB26,373 million (2017: RMB26,783 million) and the total number of 5,757,337,072 units in issue as at 31 December 2018 (2017: 5,586,412,489 units).

25. 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 RMB3,076 million (2017: RMB1,092 million).

26. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB42,812 million (2017: RMB40,967 million).

27. 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 2018, the Group's gearing ratio is 21.5% (2017: 23.0%), being bank loans divided by total assets of the Group.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 RMB million	2017 RMB million
Financial assets		
Amortised cost (loan and receivables)		
Trade and other receivables	**69**	94
Bank balances and cash	**6,107**	7,401
	6,176	7,495
Financial liabilities		
Amortised cost		
Trade and other payables	**269**	277
Manager's fee payable *(Note)*	**22**	21
Distribution payable	**713**	728
Bank loans	**9,921**	10,969
	10,925	11,995
Unitholders' funds	**26,373**	26,783

Note: The balance excludes Manager's fee payable of RMB51 million (2017: RMB51 million) to be settled in units.

28. FINANCIAL INSTRUMENTS (Continued)

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.

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 (2017: 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 (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would decrease/increase by RMB50 million (2017: RMB55 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 when the need arise.

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Foreign currency risk *(continued)*

At 31 December 2017 and 2018, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	2018 RMB million	2017 RMB million
Assets		
HK$	**9**	35
US$	**1**	5
Liabilities		
HK$	**9,937**	10,982

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.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against 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 RMB strengthens against HK$. For a 5% weakening of RMB against HK$, there would be an equal and opposite impact on the profit for the year.

	2018 RMB million	2017 RMB million
HK$		
Profit for the year	**496**	547

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.

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

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.

Trade receivable consists of rental revenue and room revenue receivables from tenant or counterparty. The Manager monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before rental agreements are entered into with tenants or counterparties. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances individually. In this regard, the Manager considers the Group's credit risk is significantly reduced.

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.

In determining the ECL for other receivables, the Manager has taken into account the historical default experience and forward-looking information, as appropriate, for example the Group has considered the consistently low historical default rate and concluded that credit risk inherent in the Group's outstanding other receivables is insignificant. The Manager has assessed that cash and bank balance and other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no impairment has been recognised.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired which are assessed individually, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its Malls, Offices, Apartments and Hotels operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2018, the Group did not provide additional impairment allowance for trade receivables based on the provision matrix as the amount involved is insignificant.

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% per day in 2018 and 2017. 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.

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

***Credit risk** (continued)*

There is a maximum credit period of 30 days (2017: 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 2018 and 31 December 2017.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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 2018, the Group had net current assets of RMB3,076 million (2017: RMB1,092 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 ended 31 December 2017, 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 2017 and 2018.

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 2018 RMB million
Non-derivative financial liabilities							
Trade and other payables	–	269	–	–	–	269	269
Tenants' deposits	–	152	183	182	286	803	803
Manager's fee payable	–	22	–	–	–	22	22
Distribution payable	–	–	713	–	–	713	713
Bank loans	2.66	85	1,904	2,218	6,458	10,665	9,921
		528	2,800	2,400	6,744	12,472	11,728

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

***Liquidity risk** (continued)*

	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

c. Fair value

The fair value of 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.

29. 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 also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group recognised the retirement benefit costs of RMB15 million for the year ended 31 December 2018 (2017: RMB12 million).

30. 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:

	2018 RMB million	2017 RMB million
Within one year	**2,046**	2,084
In the second to fifth year inclusive	**3,075**	3,103
Over five years	**447**	81
Total	**5,568**	5,268

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 (2017: 1 month to 15 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 0.2% to 33% (2017: 1.5% to 25%).

31. CAPITAL COMMITMENTS

	2018 RMB million	2017 RMB million
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**131**	65

32. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with connected and related parties, and all these transactions were entered into in the ordinary course of business and were on normal commercial terms:

Name of Connected/Related Party	*Notes*	**2018 RMB'000**	2017 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)	**814**	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*)	(a)	**13**	1,696
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	**997**	3,588
Cheung Kong (Holdings) Limited Beijing Office	(a)	**8**	92
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	**131**	93
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	**1,582**	1,228
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)	**1,050**	816
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)	**1,357**	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)	**71**	55
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)	**71**	55
香港TOM集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	(a)	**47**	38
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	**71**	55
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)	**584**	–
環球全域電訊(廣東)有限公司 (HGC Global Communications (Guangdong) Limited*)	(a) & (u)	**–**	733
CK Asset Holdings Limited	(b)	**87**	–
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	**360**	555
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	**2,607**	2,580
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	**453**	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*)	(b)	**28**	48
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	**211**	985

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	**2018 RMB'000**	2017 RMB'000
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	**397**	987
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	**1,792**	1,790
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	**1,911**	1,909
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	**66**	64
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*)	(d)	**–**	84
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	(c)	**–**	2,045
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	**480**	444
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(i)	**1,109**	1,148
Bank of China Limited	(j)	**29,147**	28,056
香港貿易發展局 (The Hong Kong Trade Development Council*)	(k)	**364**	353
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	(k)	**199**	150
Public utility charges			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*)	(d) & (m)	**–**	183
Hotel room revenue			
廣州飛機維修工程有限公司 (Guangzhou Aircraft Maintenance Engineering Company Limited*)	(a)	**–**	2
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	**1**	–
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	(a)	**1**	–
CK Infrastructure Holdings Limited	(a)	**13**	–
和記地產集團有限公司 (Hutchison Property Group Limited*)	(b)	**1**	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)	**127**	87
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	**24**	57
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	**–**	4

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	**2018 RMB'000**	2017 RMB'000
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)	**5**	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
德意志銀行 (Deutsche Bank AG*)	(i)	**1**	–
Bank of China Limited	(j)	**145**	–
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(j)	**8**	–
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)	**118**	249
南京大學 (Nanjing University*)	(k)	**–**	–^
復旦大學 (Fudan University*)	(k)	**15**	–
澳門大學 (University of Macau*)	(k)	**1**	–
香港鐵路有限公司 (MTR Corporation Limited*)	(l)	**6**	–
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	(l)	**3**	–
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
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	(o)	**1**	–
中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited*)	(p)	**8**	–
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

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	2018 RMB'000	2017 RMB'000
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	(q)	**3**	–
中信証券股份有限公司 (CITIC Securities Company Limited*)	(r) & (t)	**6**	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
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			
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)	**1**	–
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	**4**	11
武漢屈臣氏個人用品商店有限公司 (Wuhan Watson's Personal Care Stores Co., Limited*)	(a)	**1**	–
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	**1**	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)	**142**	209
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	**452**	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)	**27**	17
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	**61**	60
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	**69**	82
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	**–**	6

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	2018 RMB'000	2017 RMB'000
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	**10**	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)	**118**	111
Bank of China Limited	(j)	**48**	159
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(j)	**4**	–
中銀集團投資有限公司 (Bank of China Group Investment Limited*)	(j)	**3**	2
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)	**22**	10
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	(l)	**8**	68
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	(o)	**5**	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)	**1**	–^
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	(q)	**22**	28
中信証券股份有限公司 (CITIC Securities Company Limited*)	(r) & (t)	**7**	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
國壽安保基金管理有限公司 (China Life AMP Asset Management Co., Ltd*)	(v)	**–**	–^
Interest income from banks			
The Hongkong and Shanghai Banking Corporation Limited	(c)	**–^**	–^
Bank of China Limited	(j)	**7,584**	13,948
Bank of China (Hong Kong) Limited	(j) & (k)	**42**	32

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	2018 RMB'000	2017 RMB'000
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(e)	**1,154**	1,169
Reversal of warranty claims			
Joinpower Holdings Limited	(b)	**768**	–
Cheerjoy Limited	(b)	**768**	–
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	**19,179**	17,182
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	**21,294**	20,258
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	**16,474**	24,742
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	(b)	**426**	593
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*)	(d)	**–**	149
Internet services fee			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	**965**	319
CK Asset Holdings Limited	(b)	**18**	18
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 Beverage Company Limited Beijing Beverages Branch*)	(a)	**397**	405
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	**1,210**	1,162
Hotel services			
Harbour Grand Hong Kong Catering Limited	(a)	**154**	146
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*)	(d)	**–**	54
Leasing expenses			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd*)	(d)	**–**	30
Trademark license fee			
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	(b)	**36**	30

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	2018 RMB'000	2017 RMB'000
Insurance expense			
CK Asset Holdings Limited	(b)	**–^**	8
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(j)	**397**	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*)	(o)	**1,390**	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*)	(o)	**190**	189
Staff related expenses			
CK Asset Holdings Limited	(b)	**–**	–^
Interest expense			
The Hongkong and Shanghai Banking Corporation Limited	(c) & (s)	**20,157**	20,847
Bank of China (Hong Kong) Limited	(j), (k) & (s)	**62,761**	56,252
Bank of China Limited Macau Branch	(j) & (s)	**2,960**	3,202
Bank charges and agency fee			
Bank of China Limited	(j)	**3,651**	3,352
Bank of China (Hong Kong) Limited	(j), (k) & (s)	**110**	69
Trustee's fee			
DB Trustees (Hong Kong) Limited	(i)	**4,051**	4,206
Manager's fees			
Hui Xian Asset Management Limited	(e)	**144,849**	159,648
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	**77,572**	55,329
Valuation fee			
D&P China (HK) Limited (formerly known as "American Appraisal China Limited")	(g)	**514**	549
Knight Frank Petty Limited	(h)	**–**	160
Title Verification service fee			
D&P China (HK) Limited	(g)	**34**	–
Technical due diligence fee			
Knight Frank Petty Limited	(h)	**–**	250

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Balances with connected and related parties as at 31 December 2018 and 2017 are as follows:

Name of Connected/Related Party	*Notes*	2018 RMB'000	2017 RMB'000
Bank loans			
The Hongkong and Shanghai Banking Corporation Limited	(c) & (s)	**783,900**	748,584
Bank of China (Hong Kong) Limited	(j), (k) & (s)	**2,350,880**	2,249,307
Bank of China Limited Macau Branch	(j) & (s)	**–**	165,876
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited	(c)	**360**	450
Bank of China (Hong Kong) Limited	(j) & (k)	**99,975**	34,612
Bank of China Limited	(j)	**553,715**	647,289
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)	**737**	953
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
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	**567**	567
Cheung Kong (Holdings) Limited Beijing Office	(a)	**–**	23
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	**29**	31
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	**464**	498
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)	**349**	349
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)	**451**	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**	24
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)	**24**	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**	16
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	**24**	24
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)	**448**	–
環球全域電訊(廣東)有限公司 (HGC Global Communications (Guangdong) Limited*)	(a) & (u)	**–**	185
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	**81**	126

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*Notes*	**2018 RMB'000**	2017 RMB'000
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	**505**	626
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	**119**	71
CK Asset Holdings Limited	(b)	**24**	–
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	**1**	259
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	**1**	297
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**	16
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	**121**	110

Notes:

(a) These companies are associated companies[1] of Noblecrown and Heathcliff Developments Limited ("Heathcliff"), both of them are significant holders[2] of Hui Xian REIT, and are subsidiaries or associated companies of CK Hutchison Holdings Limited ("CK Hutchison").

(b) These companies are holding companies or associated companies[1] of Noblecrown and Heathcliff, both of them are significant holders[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, a significant holder[2] of Hui Xian REIT.

(d) This company was formerly known as Harbour Plaza Chongqing Co. Ltd., which was an associated company[1] of Noblecrown, a significant holder[2] of Hui Xian REIT. This company was a subsidiary of CK Asset until 28 February 2017. The amounts represented transactions up to 28 February 2017.

(e) This company is the manager of Hui Xian REIT ("Manager").

(f) This company is a subsidiary of the Manager.

(g) D&P China (HK) Limited is the principal valuer of Hui Xian REIT.

(h) The valuation fee and service charges represent the valuation service and 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.

(i) These companies are associated companies[1] or holding companies of DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT.

(j) Bank of China Limited is an associated company[1] of Noblecrown and Heathcliff, both of them are significant holders[2] of Hui Xian REIT. These companies are subsidiaries or associated companies of Bank of China Limited.

32. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(k) These institutions/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/director in these institutions/companies.

(l) These companies are associates[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 these companies. Mr. Cheng ceased to be an independent non-executive director of China Minsheng Banking Corp., Ltd with effect from 15 June 2018.

(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 Islands) Limited ("Hui Xian Cayman"), a significant holder[2] of Hui Xian REIT up to 21 May 2018. 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) These companies are associated companies[1] of Po Lian Enterprises Limited ("Po Lian") and/or China Life Insurance (Overseas) Company Limited, both of them are significant holders[2] of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.

(p) This company is an associate[3] of Mr. Gong Jianzhong who is a director of Lucky Star International Holdings Inc. ("Lucky Star"), a significant holder[2] of Hui Xian REIT up to 13 December 2018.

(q) This company is an associate[3] of (i) Mr. Kam Hing Lam who is a director of Noblecrown and Heathcliff, (ii) Mr. Ip Tak Chuen, Edmond who is a director of Noblecrown, (iii) Mr. Chung Sun Keung, Davy who is a director of Noblecrown and (iv) Mr. Chow Wai Kam, Raymond who is a director of Heathcliff. Noblecrown and Heathcliff are significant holders[2] of Hui Xian REIT.

(r) These companies are subsidiaries of CITIC Securities Company Limited. CITIC Securities Company Limited was a substantial shareholder of the Manager until 8 January 2018.

(s) 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.

(t) This company is an associate[3] of Mr. Kuang Tao who is a director of China Life Insurance (Overseas) Company Limited, a significant holder[2] of Hui Xian REIT. Mr Kuang has become the director of CITIC Securities Company Limited with effect from 6 September 2018.

(u) This company was previously known as 和記環球電訊（廣東）有限公司 (Hutchison Global Communications (Guangdong) Limited*) and ceased to be an associated company of CK Hutchison since 3 October 2017.

(v) 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 holder[2] of Hui Xian REIT up to 21 May 2018.

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.

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

33. 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			
			2018	2017	2018	2017		
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%**	100%	**–**	–	Investment holding	–
Highsmith (HK) Limited	9 October 2007	HK$5,000,000	**–**	–	**100%**	100%	Investment holding and financing	–
New Sense Resources Limited	16 November 2016	HK$1	**100%**	100%	**–**	–	Investment holding and financing	–
Chengdu Investment Limited	23 November 2016	HK$1	**–**	–	**100%**	100%	Investment holding	–
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%**	100%	Hotel — operation in Chongqing, the PRC	Harbour Plaza Chongqing
Chengdu Changtian Co., Ltd.	18 June 1998	Registered — RMB248,000,000	**–**	–	**69%**	69%	Hotel — operation in Chengdu, the PRC	Sheraton Chengdu Lido Hotel

33. 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 non-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	
		2018	2017	2018 RMB million	2017 RMB million	2018 RMB million	2017 RMB million
Shenyang Lido Business Co. Ltd	Shenyang, the PRC	**30%**	30%	**(21)**	(16)	**206**	227
Chengdu Changtian Co., Ltd.	Chengdu, the PRC	**31%**	31%	**(10)**	–	**113**	123
				(31)	(16)	**319**	350

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.

	2018 RMB million	2017 RMB million
Revenue	**125**	134
Expenses and taxation	**(228)**	(187)
Loss for the year	**(103)**	(53)
Loss and total comprehensive expense for the year, attributable to:		
Non-controlling interests	**(31)**	(16)
Unitholders	**(72)**	(37)
	(103)	(53)

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.

34. 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	Derivative financial instruments 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**
Financing cash flows	**(1,589)**	**(259)**	**(1,109)**	**23**	**(2,934)**
Exchange loss	**507**	**–**	**–**	**–**	**507**
Proposed distribution	**–**	**–**	**1,517**	**–**	**1,517**
Units in issue	**–**	**–**	**(423)**	**–**	**(423)**
Interest expenses	**34**	**263**	**–**	**–**	**297**
Fair value gain	**–**	**–**	**–**	**(23)**	**(23)**
At 31 December 2018	**9,921**	**11**	**713**	**–**	**10,645**

SUMMARY FINANCIAL INFORMATION

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

	1.1.2018 to 31.12.2018 RMB million	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
Revenue					
Gross rental from investment properties	**2,412**	2,407	2,423	2,413	2,143
Income from hotel operation	**535**	541	479	501	521
Income from serviced apartments operation	**170**	151	139	136	131
Rental related income	**84**	100	65	56	60
	3,201	3,199	3,106	3,106	2,855
Profit before taxation and transactions with unitholders	**1,094**	1,942	528	525	2,152
Income tax expense	**(551)**	(502)	(427)	(372)	(661)
Profit for the year, before transactions with unitholders	**543**	1,440	101	153	1,491
Profit for the year attributable to unitholders, before transactions with unitholders	**574**	1,456	114	168	1,505
	RMB	RMB	RMB	RMB	RMB
Basic earnings per unit	**0.1012**	0.2635	0.0211	0.0315	0.2878

SUMMARY OF DISTRIBUTIONS

	1.1.2018 to 31.12.2018 RMB million	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
Distributions to unitholders	**1,517**	1,489	1,499	1,449	1,350
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	**0.2653**	0.2681	0.2754	0.2700	0.2567

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2018 RMB million	31.12.2017 RMB million	31.12.2016 RMB million	31.12.2015 RMB million	31.12.2014 RMB million
Non-current assets	**39,736**	39,875	39,549	40,282	37,194
Current assets	**6,431**	7,734	7,391	6,422	5,034
Total assets	**46,167**	47,609	46,940	46,704	42,228
Current liabilities	**3,355**	6,642	2,619	3,075	2,741
Non-current liabilities, excluding net assets attributable to unitholders	**16,120**	13,834	17,639	15,816	10,652
Total liabilities, excluding net assets attributable to unitholders	**19,475**	20,476	20,258	18,891	13,393
Non-controlling interests	**319**	350	243	256	271
Net assets attributable to unitholders	**26,373**	26,783	26,439	27,557	28,564
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	**4.5807**	4.7943	4.8403	5.1231	5.3919

PERFORMANCE TABLE

	Notes	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Net assets attributable to unitholders *(RMB million)*		**26,373**	26,783	26,439	27,557	28,564
Net asset value per unit attributable to unitholders *(RMB)*		**4.5807**	4.7943	4.8403	5.1231	5.3919
Market capitalisation *(RMB million)*		**18,366**	17,597	17,151	17,912	18,436
Units issued *(units)*		**5,757,337,072**	5,586,412,489	5,462,193,939	5,378,973,852	5,297,591,509
Debts to net asset value ratio	*1*	**37.6%**	41.0%	40.9%	34.2%	13.5%
Debts to total asset value ratio	*2*	**21.5%**	23.0%	23.0%	20.2%	9.2%

		1.1.2018 to 31.12.2018	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
Highest traded unit price *(RMB)*		**3.35**	3.22	3.51	3.57	3.88
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)*		**3.03**	3.02	2.98	2.94	3.29
Highest discount of the traded unit price to net asset value per unit		**33.9%**	37.0%	38.4%	42.6%	39.0%
Distribution per unit *(RMB)*		**0.2653**	0.2681	0.2754	0.2700	0.2567
Distribution yield per unit	*4*	**8.32%**	8.51%	8.77%	8.11%	7.38%

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 2018 announcing, among other information, the final distribution for the period from 1 July 2018 to 31 December 2018 ("2018 Final Distribution") and the distribution reinvestment arrangement ("DRA")	15 March 2019 (Friday)
Units quoted ex-2018 Final Distribution	28 March 2019 (Thursday)
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")	28 March 2019 (Thursday)
Closure of register of Unitholders (for ascertaining entitlement to the 2018 Final Distribution)	1 April 2019 (Monday) to 3 April 2019 (Wednesday) (both dates inclusive)
Record date for 2018 Final Distribution	3 April 2019 (Wednesday)
Announcement in relation to the DRA	12 April 2019 (Friday)
Despatch of circular and election form for the DRA	17 April 2019 (Wednesday)
Latest time for return of election form for the DRA[1]	by 4:30 p.m., 6 May 2019 (Monday)
2019 annual general meeting[2]	14 May 2019 (Tuesday)
Payment of the 2018 Final Distribution for cash distribution election	17 May 2019 (Friday)
Despatch of new unit certificates for scrip distribution election	17 May 2019 (Friday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	20 May 2019 (Monday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2018 Final Distribution for the period from 1 July 2018 to 31 December 2018 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 12 April 2019 (Friday) and a circular together with the relevant election form will be delivered by post to the Unitholders on or about 17 April 2019 (Wednesday). 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 6 May 2019 (Monday). 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 8 May 2019 (Wednesday) to 14 May 2019 (Tuesday) for the purpose of ascertaining Unitholders' right to attend and vote at the 2019 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 7 May 2019 (Tuesday).

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

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

GLOSSARY

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
Stock Exchange	The Stock Exchange of Hong Kong Limited

GLOSSARY

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
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 15 March 2019.

The information set out in this annual report is updated as of 15 March 2019.

Hui Xian Asset Management Limited
(as the manager of Hui Xian REIT)
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