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 2022

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 (a wholly-owned subsidiary of ESR Group Limited).

* Dissolved on 9 April 2020

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CHAIRMAN'S STATEMENT

"Looking ahead, the lifting of pandemic restrictions coupled with the Government's policy stimulus are expected to improve the sentiment and enable the Chinese economy to recover. The road to recovery is paved with challenges, but positive steps taken in the right direction will lead to a full recovery in time."

H L KAM Chairman

At the time of this writing in March 2023, I could not help but observe the mixed feelings felt by the corporations doing business in China. On one hand, there is an increasing optimism of China's macro business environment. On the other hand, I am also well aware that many companies and industries have still not fully recovered from the pandemic pain, felt most acutely in 2022.

2022 WAS A TURBULENT YEAR

During 2022, the global economy faced a multitude of complex and interconnected risks. The lingering effects of the protracted global pandemic, rising geopolitical tensions, soaring energy and food prices, and escalating interest rate hikes have conflated to batter and bruise the world economy. According to the International Monetary Fund ("IMF"), global economic growth slowed sharply to 3.4% in 2022 from 5.9% in 2021.

China's gross domestic product ("GDP") grew by 3.0% in 2022, a sharp slowdown from the 8.1% pace recorded in 2021. It was the second-slowest rate since the 1970s.

The RMB exchange rate experienced volatility over the course of the year. Against the Hong Kong Dollar, the RMB exchange rate as at 31 December 2022 had dropped by approximately 8.5%* compared to the previous year.

2022 was a turbulent year for China as the pandemic which led to strict public health measures weighed heavily on China's economy. In November and December when the pandemic swept across China, there was widespread business disruption due to staff shortages. Traffic volume in major cities declined significantly, and pedestrian streets and shopping areas were quiet.

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

DISTRIBUTIONS WERE IMPACTED BY THE PANDEMIC

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	**Percentage Change**
Total Revenue *(RMB million)*	**2,202**	2,560	-14.0%
Net Property Income *(RMB million)*	**1,300**	1,540	-15.6%
Amount Available for Distribution *(RMB million)*	**575**	633	-9.2%
Distributions to Unitholders *(RMB million)*	**517**	570	-9.3%
Distribution per Unit *(RMB)*	**0.0834**	0.0935	-10.8%

2022 marked the third year of the COVID-19 pandemic, and it was also the toughest year ever experienced by Hui Xian REIT. Against this challenging backdrop, Hui Xian REIT's results were severely impacted.

During 2022, Hui Xian REIT's revenue was RMB2,202 million (2021: RMB2,560 million). Net property income ("NPI") was RMB1,300 million (2021: RMB1,540 million).

Amount Available for Distribution was RMB575 million (2021: RMB633 million). The payout ratio was 90% (2021: 90%). Distributions to Unitholders amounted to RMB517 million (2021: RMB570 million).

CHAIRMAN'S STATEMENT

2022 DPU DROPPED 10.8% YEAR-ON-YEAR

During the period from July to December 2022, the final distribution per unit ("DPU") was RMB0.0318 (2021: RMB:0.0261). The final DPU will be paid on 15 May 2023, Monday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 22 March 2023, Wednesday. Together with the interim DPU of RMB0.0516, Hui Xian REIT's total DPU for the financial year was RMB0.0834 (2021: RMB0.0935). Based on the closing unit price of RMB1.05 on 30 December 2022, the distribution yield was 7.9%.

ALL SECTORS WERE AFFECTED, WITH VARYING DEGREES OF SEVERITY

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

COVID-19 continued to exert a toll on China's economy in 2022. With the entirety of Hui Xian REIT's asset portfolio located in different cities of China, our businesses across all four sectors were negatively impacted, with varying degrees of severity.

Beijing, where our flagship property Beijing Oriental Plaza is located, was adversely affected by intermittent outbreaks of COVID during 2022. At the peak of the pandemic, Beijing citizens were required to undergo multiple rounds of mass testing. Strict containment measures were also imposed, such as the ban on dine-in services, the closure of a number of metro stations and shopping centres, and the lockdown of certain districts.

Our leasing business in the retail, office and serviced apartment sectors faced unprecedented challenges in view of the sporadic COVID-19 outbreaks and lockdowns throughout 2022, but the impact was relatively less pronounced compared to our hotel portfolio, given that revenue is protected by medium and long-term lease agreements.

COVID-19 shook the hotel industry particularly hard. People were deterred from travelling by a resurgence of infections, stringent containment measures and travel restrictions. Our hotel portfolio suffered its worst financial year in 2022.

(1) Hotel Portfolio – Incurred Operation Loss due to Pandemic-induced Restrictions

China's hotels continued to operate in a difficult environment during 2022, with significant challenges posed by COVID-19, including the implementation of pandemic-related restrictions on both international and domestic travel as well as community lockdowns. Many hotels suffered from COVID-induced financial losses.

Visa entry and quarantine measures for inbound international travellers remained highly restrictive in 2022. International flights to and from China were very limited. These restrictions significantly reduced international business and leisure travel.

Domestic travel was also negatively affected by the resurgence of COVID cases across China during 2022, leading to the reintroduction of stringent movement restrictions and lockdowns. Many major exhibitions and sports events were cancelled or postponed. Interprovincial travel was discouraged, especially during the typically heavy travel periods.

The hospitality industry suffered another major blow in the fourth quarter of 2022 when a sharp rise of infection cases was recorded across China. Domestic trips during the quarter fell nearly 50% from the first quarter of 2022 according to China's Ministry of Culture and Tourism. The number of domestic tourist trips and domestic tourism revenue during 2022 declined by about 22.1% and 30.0% year-on-year respectively according to official data.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China. Sporadic local outbreaks and strict containment measures have not only impacted the demand for our hotel rooms, but also the revenue from banqueting and restaurants.

Extensive cost reduction measures remained in place at our four hotels. Every possible avenue to reduce costs has been proactively pursued. Despite our best efforts, the hotel portfolio recorded a negative NPI of RMB98 million in 2022 (2021: negative NPI of RMB31 million).

Grand Hyatt Beijing – Hit Hardest due to Stringent Measures

In the capital Beijing, COVID-19 preventive and quarantine measures were among the strictest in the country. The absence of international travellers had been adversely affecting Grand Hyatt Beijing's business since the early days of the pandemic in 2020.

Beijing experienced successive waves of COVID outbreaks throughout 2022, particularly in the second and fourth quarters. Domestic travel was severely restricted and demand for hotel rooms in the capital city was extremely weak. Grand Hyatt Beijing's revenue and occupancy were badly hit. Average occupancy rate fell to 16.5% (2021: 34.8%), and average room rate per night was RMB981 (2021: RMB995). Dine-in and large-scale gatherings were banned during peak outbreak periods, immediately halting the hotel's food and beverage and MICE revenue.

Sofitel Shenyang Lido – Impacted by Strict Measures and Citywide Lockdown

Shenyang had in place a very stringent quarantine policy for international travellers for most of 2022. A surge in infections in March and November 2022 triggered a citywide lockdown.

Sofitel Shenyang Lido's average occupancy rate was 31.1% (2021: 39.8%); average room rate per night was RMB449 (2021: RMB445).

Hyatt Regency Liberation Square Chongqing – Business Suffered from Strict Travel Restrictions

Chongqing is one of China's popular domestic tourism cities. At Hyatt Regency Liberation Square Chongqing, the average occupancy rate was 43.1% in 2022 (2021: 47.8%). Average room rate per night was RMB535 (2021: RMB582).

Sheraton Chengdu Lido Hotel – Affected by Citywide Lockdown

In September 2022, Chengdu was locked down in response to a spike in COVID cases.

Sheraton Chengdu Lido Hotel's average occupancy rate was 39.5% (2021: 60.0%); average room rate per night was RMB433 (2021: RMB473) during 2022.

(2) Retail Portfolio – Lackluster Demand Kept a Lid on New Lettings and Renewals

The COVID-19 pandemic has been wreaking havoc on China's retail industry since 2020. Many retailers in China have suffered severe business disruptions and a sharp downturn in revenue due to weak consumer sentiment. Retail shops also faced other challenges, such as cash flow and supply chain issues, as well as competition from online shopping. Struggling brands and department store chains were forced to reduce their number of stores, terminate their leases before expiration, or even withdraw from the China market.

Consumer confidence and spending took a major hit in 2022 from COVID outbreaks and widespread lockdowns. Consumer sentiment further deteriorated towards the end of 2022 as massive waves of infections swept across different regions of China. The ban on dine-in services at the height of the pandemic had dealt a severe blow to food and beverage operators and many of them ran at a loss.

Amid this challenging backdrop, demand for retail space remained subdued, and the leasing market was mostly quiet. During lockdowns, decision-makers of retail brands were unable to conduct site inspections as per normal practice.

Hui Xian REIT's retail portfolio consists of two shopping centres: (i) The Malls at Beijing Oriental Plaza and (ii) The Mall at Chongqing Metropolitan Oriental Plaza. The intermittent COVID-19 outbreaks and ensuing lockdowns resulted in a drastic drop in foot traffic and retail sales at our shopping centres. The NPI during the Reporting Period was RMB522 million (2021: RMB690 million).

Pandemic containment measures were inevitably tightened in response to surges in COVID cases in Beijing, with the suspension of dine-in services, the closure of cinemas, gyms and entertainment venues, and the shortening of business hours or even temporary closure of shopping centres. Retail sales of consumer goods in Beijing for 2022 fell by 7.2% year-on-year, which was worse than the national average of 0.2% drop.

Some tenants sought rent relief, leased area reduction, or early termination of their tenancy agreements. During this challenging time, The Malls at Beijing Oriental Plaza supported its tenants by offering temporary rent relief, which lowered its revenue and passing rent during 2022. To retain quality retailers and maintain a balanced tenant mix, many of the new and renewal leases were signed at lower rates. Occupancy rate was 92.2% as at December 2022 (96.5% as at December 2021). Average monthly passing rent was RMB750 (2021: RMB948) per square metre. The financial impact of negative reversion will continue to affect 2023 and beyond.

During 2022, retailers in Chongqing also faced business disruptions due to the pandemic and power crisis caused by record-breaking heatwaves and droughts.

The Mall at Chongqing Metropolitan Oriental Plaza was closed intermittently due to the COVID outbreak in the city. The Mall also shortened its opening hours during the summer to conserve energy amid a record heatwave. The department store at The Mall, one of the anchor tenants in the mall for over ten years, did not renew its lease upon expiry. Average occupancy rate was 64.4% (2021: 85.8%), and the average monthly passing rent was RMB114 (2021: RMB169) per square metre.

(3) Office Portfolio – Leasing Momentum Slowed with Weakened Business Sentiment

The global economic outlook had deteriorated markedly throughout 2022. Corporations remained cautious as they faced mounting challenges, including the protracted pandemic, escalating geopolitical tensions, high inflation, global interest rate hikes and supply chain disruptions. When the number of infections rose sharply across China in late 2022, office workers were urged to work from home, and companies were encouraged to limit the number of staff in the office. The wider adoption of Work From Home and Hybrid Work models continued to affect the underlying leasing demand for offices in the short to medium term. Such behavioral changes were reflected in the weakening office leasing momentum in China.

The intermittent outbreaks of COVID and the unfavourable operating conditions continued to affect Hui Xian REIT's office leasing business, though the impact was less profound compared to other sectors. The office portfolio consists of (i) The Tower Offices at Beijing Oriental Plaza and (ii) The Tower at Chongqing Metropolitan Oriental Plaza. During 2022, the NPI was RMB793 million (2021: RMB795 million).

Site inspection plans were deferred in view of tightened social distancing measures and lockdowns, disrupting the decision-making process of corporations. Businesses also remained cost-conscious and hesitant to commit long-term as uncertainty permeated the business environment.

As a result, leasing demand in Beijing was weak in 2022. The city's office vacancy rate stayed at a relatively high level of 16.3%[1] in the fourth quarter of 2022. With rents under continual pressure, landlords had to introduce more flexibility in lease negotiations to sustain a stable occupancy level.

To maintain a stable income stream and occupancy rate, The Tower Offices at Beijing Oriental Plaza focused on retaining existing quality tenants by offering competitive renewal packages. Average occupancy rate was 87.8% (2021: 87.4%); and average monthly passing rent was RMB265 (2021: RMB269) per square metre.

Chongqing's office leasing market remained in an adjustment phase. The city's office vacancy rate stood at a high level of 28.4%[2] in the fourth quarter of 2022. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 79.2% (2021: 83.8%). Average monthly passing rent was RMB93 (2021: RMB100) per square metre.

Sources:
1. Savills, "Market in Minutes – Beijing Office", February 2023
2. Savills, "2022年重慶房地產市場回顧及未來展望", January 2023

(4) Serviced Apartment Portfolio – Difficult to Recruit New Tenants Amid COVID Restrictions

Leasing momentum of serviced apartments was slow in 2022, largely impacted by the prolonged pandemic. It was difficult to recruit and sign new tenants.

Expatriates working in China had always been a significant source of new tenants. There was a shortage of expatriates arriving into China during 2022 as they were dissuaded from entry by the mandatory quarantine procedures. Travel restrictions and intermittent lockdowns also hindered site visits by potential tenants based in China, thereby delaying their decision-making process.

Hui Xian REIT's serviced apartment portfolio comprises: (i) The Tower Apartments at Beijing Oriental Plaza (836 units) and (ii) The Residences at Sofitel Shenyang Lido (134 units). The NPI was RMB83 million (2021: RMB86 million) during 2022.

The pandemic measures, visa permits and border controls for expatriates entering China, particularly the capital city – Beijing, remained highly restrictive throughout 2022. Shenyang had also imposed one of the country's longest quarantines for foreigners entering the city.

In the absence of new expatriate tenants, the serviced apartment portfolio shifted focus to the growing affluent domestic market. During 2022, average occupancy rates of The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido were 81.4% (2021: 82.7%) and 50.7% (2021: 63.0%) respectively.

FINANCIAL POSITION REMAINED STABLE

During 2022, Hui Xian REIT repaid several loans amid a rising interest rate environment. Total debt was reduced to RMB7,840 million as at 31 December 2022 from RMB8,471 million as at 31 December 2021.

Debts to gross asset value ratio was 20.4% as at 31 December 2022 (31 December 2021: 20.6%). Bank balances and cash on hand amounted to RMB4,759 million as at 31 December 2022 (31 December 2021: RMB5,880 million).

Despite the volatility in interest and exchange rates in 2022, Hui Xian REIT's financial position remained stable.

OUTLOOK – 2023 IS A YEAR OF RECOVERY AMID IMPROVED BUSINESS ENVIRONMENT IN CHINA

Many of challenges and concerns in 2022, including rising geopolitical tensions, surging inflation, food and energy crises and climate emergencies, will continue to have a significant impact on the world economy in 2023. In its latest "World Economic Outlook" issued in January 2023, the IMF projected that global economic growth would fall from 3.4% in 2022 to 2.9% in 2023.

In late 2022, there was a major adjustment in China's COVID policy. The Chinese government issued a series of new COVID response guidelines, including the removal of mass testing, and lifting of travel restrictions and centralized quarantine requirements. There is renewed optimism that China's business environment will improve. The full reopening of China also paves the way for a faster-than-expected recovery. The IMF upgraded its forecast of China's 2023 GDP growth to 5.2% from 4.4% in October 2022. It is believed that China will resume the role as the engine of global economic growth in 2023.

The pace of recovery will likely vary across different sectors. Domestic tourism recorded a quick rebound over the Chinese New Year holidays in January 2023. Starting from January 2023, international visitors entering China were no longer required to undergo hotel quarantine. With the removal of restrictions on international flights, international travel is expected to resume gradually. The tourism and hotel sector is expected to stage a recovery to pre-pandemic levels by the end of 2023.

Chinese consumer sentiment is turning more positive. Retail and cinema box offices nodded encouraging rebounds during the 2023 Chinese New Year holiday. The Chinese government pledged to raise domestic consumption and boost growth in 2023. China's domestic consumption is expected to recover gradually.

As normalisation of economic activities gains further momentum, market conditions in China are anticipated to improve steadily. The leasing markets for offices and serviced apartments are expected to recover in 2023 but it is uncertain to predict when leasing demand will return to pre-pandemic levels.

The improved sentiment has already led to a marked increase in the occupancy and room rates of Hui Xian's hotel portfolio during the 2023 Chinese New Year holidays. The hotels will continue to refine their offerings in anticipation of a rebound in international and domestic tourism.

Despite the pandemic subsiding, the financial impact is expected to affect the retail portfolio's revenue in 2023 and beyond. Leveraging on our prime locations and long-established reputation, Hui Xian REIT's shopping centres will continue to strive for an optimal balance between tenant mix and occupancy and rental rates.

CHAIRMAN'S STATEMENT

Hui Xian REIT's office and serviced apartment portfolios will continue to focus on building up occupancy and maximising retention rates by adopting competitive leasing strategies.

Exchange and interest rates are expected to be volatile continuously in 2023. We will closely monitor our funding needs and regularly review our financing strategy.

The COVID-19 pandemic has significantly impacted on many companies across different industries. It may take years for some of the industries to fully recover. Nevertheless, we are pleased to witness the recent improvement in the business environment in China and we are hopeful that the worst of China's COVID-19 situation is behind us.

Looking ahead, the lifting of pandemic restrictions coupled with the Government's policy stimulus are expected to improve the sentiment and enable the Chinese economy to recover. The road to recovery is paved with challenges, but positive steps taken in the right direction will lead to a full recovery in time.

2022 was a difficult year for Hui Xian REIT. On behalf of the Manager, I would like to take this opportunity to thank our stakeholders, in particular the Unitholders and Trustee, for their continuing support. I would also like to express my utmost gratitude to our colleagues across the group for their dedication, sacrifice, hard work and commitment in the face of considerable challenges.

In the coming year, I look forward to working closely with our stakeholders and colleagues to capture the growth and opportunities of the economic rebound, and set Hui Xian REIT on track for sustained recovery and long-term growth.

H L KAM

Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 3 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 31 December 2022, Hui Xian REIT's portfolio included:

(1) 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 Co., Ltd.#) ("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) investment in Chongqing Overseas Investment Limited, which in turn 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) 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) 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 Hyatt Regency Liberation Square Chongqing; and

(5) 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

Hotel Portfolio

Grand Hyatt Beijing, Beijing
Hyatt Regency Liberation Square Chongqing, Chongqing
Sofitel Shenyang Lido, Shenyang
Sheraton Chengdu Lido Hotel, Chengdu

1 HYATT REGENCY LIBERATION SQUARE CHONGQING

2 GRAND HYATT BEIJING

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Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China: Beijing, Chongqing, Shenyang and Chengdu.

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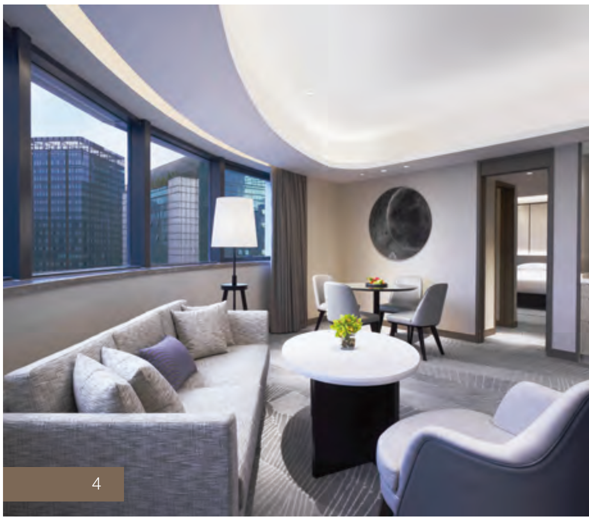
3 SOFITEL SHENYANG LIDO

4 HYATT REGENCY LIBERATION SQUARE CHONGQING

5 GRAND HYATT BEIJING

6 SHERATON CHENGDU LIDO HOTEL



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OPERATIONS REVIEW

(1) Hotel Portfolio

For much of 2022, many pandemic-related measures, including entry visa and border controls for foreigners and quarantine measures remained in place in China, which had significantly reduced international business and leisure travel. International flights were also very limited. The absence of foreign travellers continued to affect the demand for hotel rooms.

China's hotel industry remained heavily reliant on domestic travel. The intermittent COVID outbreaks across the country throughout 2022 and accompanying travel restrictions had dashed hopes of revival in the hotel sector. Cross-provincial travel was discouraged, especially during the busy travel seasons. According to the China's Ministry of Culture and Tourism, the number of domestic tourist trips during 2022 dropped 22.1% year-on-year while domestic tourism revenue was down by 30.0% year-on-year.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China: Grand Hyatt Beijing at Beijing Oriental Plaza, Sofitel Shenyang Lido (70% interest), Hyatt Regency Liberation Square Chongqing and Sheraton Chengdu Lido Hotel (69% interest). Revenue was RMB166 million (2021: RMB271 million). Notwithstanding aggressive cost-cutting measures implemented by the four hotels, the business had been weighed down by the pandemic. The hotel portfolio recorded a negative NPI of RMB98 million (2021: negative NPI of RMB31 million).

(i) Grand Hyatt Beijing

As the capital city and political centre of China, Beijing's COVID-19 pandemic restrictions were among the strictest in the country.

International business and leisure travellers had been an important source of revenue for Grand Hyatt Beijing. The absence of foreign travellers has been affecting the hotel's income since the pandemic started three years ago. The surge of COVID cases in Beijing in 2022, particularly in the second and fourth quarters, adversely impacted domestic travel. Demand for hotel rooms was weak. Dine-in and large-scale social gatherings were banned at the peak of the pandemic, affecting the hotel's food and beverage and MICE revenue. Grand Hyatt Beijing's average occupancy rate was 16.5% (2021: 34.8%). Average room rate per night was RMB981 (2021: RMB995).

(ii) Sofitel Shenyang Lido (70% interest)

For most of 2022, Shenyang had a very strict quarantine policy for inbound travellers. A resurgence of infections in March and November 2022 led to a citywide lockdown. Strict preventive measures and travel restrictions were implemented. Average occupancy rate was 31.1% (2021: 39.8%). Average room rate per night was RMB449 (2021: RMB445).

(iii) Hyatt Regency Liberation Square Chongqing

Chongqing is a popular domestic tourism city. During 2022, the average occupancy rate of Hyatt Regency Liberation Square Chongqing was 43.1% (2021: 47.8%), and average room rate per night was RMB535 (2021: RMB582).

(iv) Sheraton Chengdu Lido Hotel (69% interest)

Chengdu was locked down in September 2022 in response to a surge in COVID infection cases. Sheraton Chengdu Lido Hotel's average occupancy was 39.5% (2021: 60.0%); average room rate per night was RMB433 (2021: RMB473).


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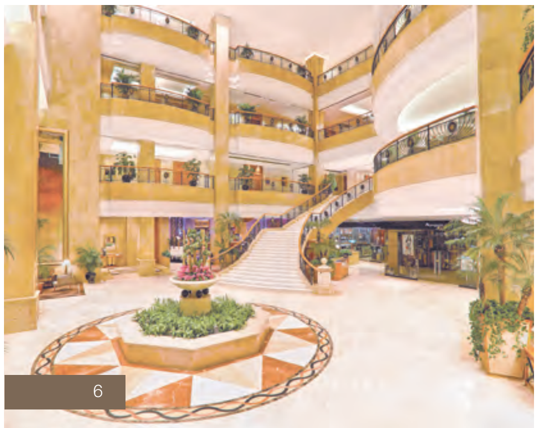
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Retail Portfolio

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

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1 2 THE MALLS AT BEIJING 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; they together provide about 222,000 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 Mall at Chongqing Metropolitan Oriental Plaza is strategically located in Jiefangbei, Chongqing's popular shopping area and tourist destination.

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(2) Retail Portfolio

Multiple waves of COVID outbreaks and lockdowns across China have severely impacted the retail sector. Consumer sentiment further deteriorated in late 2022 when there were massive waves of infections across the country. China's total retail sales of consumer goods dropped 0.2% year-on-year in 2022 as compared to the 12.5% growth in 2021.

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres: (i) The Malls at Beijing Oriental Plaza and (ii) The Mall at Chongqing Metropolitan Oriental Plaza; they together provide about 222,000 square metres of retail space.

During the Reporting Period, revenue was RMB779 million (2021: RMB1,008 million) and NPI was RMB522 million (2021: RMB690 million).

(i) *The Malls at Beijing Oriental Plaza*

The resurgence of COVID cases in Beijing during May and June 2022, and the massive wave of outbreaks in the fourth quarter led to the implementation of stringent measures and lockdown. All these adversely affected the Beijing economy.

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP grew 0.7% year-on-year in 2022, as compared to the national average of 3.0% growth. Retail sales of consumer goods fell by 7.2% while the national average drop was 0.2%.

To support the tenants during this challenging time, rental relief was offered on a case-by-case basis. During 2022, revenue of The Malls at Beijing Oriental Plaza was RMB725 million (2021: RMB901 million) and NPI was RMB526 million (2021: RMB653 million). Average monthly passing rent was RMB750 (2021: RMB948) per square metre. Occupancy rate as at December 2022 was 92.2% (as at December 2021: 96.5%).

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

Impacted by sporadic COVID outbreaks, Chongqing's GDP growth rate slowed down to 2.6% in 2022 from 8.3% in 2021 according to the Chongqing Municipal Bureau of Statistics. Retail sales of consumer goods dropped 0.3% year-on-year, as compared to a growth of 18.5% in 2021.

The Mall at Chongqing Metropolitan Oriental Plaza was closed intermittently due to the COVID outbreak in Chongqing. Shopping centres in the city, including The Mall, also shortened their opening hours during the summer to conserve energy amid a record heatwave. The department store at The Mall, one of the anchor tenants at The Mall for over ten years, did not renew its lease upon expiry. The Mall's average monthly passing rent was RMB114 (2021: RMB169) per square metre and average occupancy rate was 64.4% (2021: 85.8%).

3 THE MALLS AT BEIJING ORIENTAL PLAZA

4 THE MALL AT CHONGQING METROPOLITAN ORIENTAL PLAZA

Office Portfolio

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

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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.

1 2 THE TOWER OFFICES AT BEIJING ORIENTAL PLAZA

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.

(3) Office Portfolio

Hui Xian REIT's office portfolio consists of (i) The Tower Offices at Beijing Oriental Plaza and (ii) The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was RMB1,086 million (2021: RMB1,101 million) and NPI was RMB793 million (2021: RMB795 million).

(i) The Tower Offices at Beijing Oriental Plaza

Office leasing momentum remained weak in Beijing during 2022. Demand further contracted in the fourth quarter of 2022 when the capital city and many parts of China were hit by another massive COVID outbreak. Economic activities decreased substantially. Beijing's vacancy rate remained at a relatively high level of 16.3%[1] in the fourth quarter of 2022. Many new projects originally scheduled to enter the market in late 2022 have been delayed till 2023. The continual influx in new supply would likely exert pressure on rents.

The Tower Offices at Beijing Oriental Plaza comprises eight towers, offering over 300,000 square metres of Grade A office space. It has a diversified tenant base across different industries, including finance and banking, insurance, accounting, technology, legal, pharmaceutical, media and advertising, and consumer products. There are also professional institutions and government-related organisations.

During 2022, revenue of The Tower Offices was RMB1,040 million (2021: RMB1,049 million). NPI was RMB767 million (2021: RMB760 million). Average occupancy rate was 87.8% (2021: 87.4%). Average monthly passing rent was RMB265 (2021: RMB269) per square metre while average monthly spot rent was RMB293 (2021: RMB270) per square metre.

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3 4 THE TOWER OFFICES AT BEIJING ORIENTAL PLAZA

5 THE TOWER AT CHONGQING METROPOLITAN ORIENTAL PLAZA


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(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was 28.4%[2] in the fourth quarter of 2022. New rental demand was weak, largely due to the uncertain business environment and the lingering pandemic.

Located at the heart of Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates, government-related organisations and corporations from a wide array of industries, including insurance and financial services, retail and consumer products, logistics, professional consultation and healthcare.

During 2022, revenue was RMB46 million (2021: RMB52 million) and NPI was RMB26 million (2021: RMB35 million). Average occupancy rate was 79.2% (2021: 83.8%). Average monthly passing rent was RMB93 (2021: RMB100) per square metre, while average monthly spot rent was RMB90 (2021: RMB91) per square metre.

Sources:

1. Savills, "Market in Minutes – Beijing Office", February 2023
2. Savills, "2022年重慶房地產市場回顧及未來展望", January 2023

Serviced Apartment Portfolio

The Tower Apartments at Beijing Oriental Plaza
The Residences at Sofitel Shenyang Lido

1 THE RESIDENCES AT SOFITEL SHENYANG LIDO

2 THE TOWER APARTMENTS AT BEIJING ORIENTAL PLAZA

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The Tower Apartments at Beijing Oriental Plaza features 836 units of varying sizes, all fully furnished and elegantly appointed to offer luxury living in the city. Tenants can enjoy a wide array of amenities as well as access to nearby Grand Hyatt Beijing's Club Oasis. The lobby entrances are located at the raised podium level of the Beijing Oriental Plaza complex, which offers tenants the utmost convenience of city living in a tranquil environment.

The Residences at Sofitel Shenyang Lido offers 134 serviced apartment units. With a dedicated entrance, lobby and exclusive guest lifts, tenants can enjoy a new level of privacy, comfort and convenience.

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(4) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio consists of (i) The Tower Apartments at Beijing Oriental Plaza and (ii) The Residences at Sofitel Shenyang Lido. During 2022, revenue was RMB171 million (2021: RMB180 million) and NPI was RMB83 million (2021: RMB86 million).

The expatriate market had been an important source of revenue for our serviced apartments. Visa permits and border controls for foreigners entering China, especially Beijing, remained strict during 2022. Shenyang also has one of the country's most stringent quarantine policies for inbound travellers. As a result, there was an absence of new expatriate tenants.

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Featuring a total of 836 units for leasing, The Tower Apartments at Beijing Oriental Plaza is one of the largest serviced apartment developments in downtown Beijing. Average occupancy rate was 81.4% (2021: 82.7%) during 2022. The Tower Apartments focused on the rapidly-growing affluent domestic market.

In Shenyang, The Residences at Sofitel Shenyang Lido offers 134 apartment units for leasing. The project has been popular among the expatriates in the city. However, Shenyang's long quarantine time requirement deterred expatriates from travelling to the city. During 2022, average occupancy rate was 50.7% (2021: 63.0%).

3 4 THE TOWER APARTMENTS AT BEIJING ORIENTAL PLAZA

5 6 THE RESIDENCES AT SOFITEL SHENYANG LIDO

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,300 million for the year ended 31 December 2022.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB198 million ("2022 Final Distribution") to Unitholders for the period from 1 July 2022 to 31 December 2022. The 2022 Final Distribution which will be paid in RMB represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 July 2022 to 31 December 2022. A total of RMB319 million has been distributed to Unitholders of Hui Xian REIT on 28 September 2022 for the period from 1 January 2022 to 30 June 2022. In total, Hui Xian REIT will distribute a total of RMB517 million to Unitholders for the year ended 31 December 2022. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB517 million (2021: RMB281 million).

Distribution per Unit

The final DPU for the period from 1 July 2022 to 31 December 2022 is RMB0.0318 based on the number of outstanding Units on 31 December 2022. Together with the interim DPU of RMB0.0516, Hui Xian REIT provides a total DPU for the year ended 31 December 2022 of RMB0.0834. This represents a distribution yield of 7.9% based on the closing unit price of RMB1.05 on 30 December 2022.

Closure of Register of Unitholders

The record date for the 2022 Final Distribution will be 22 March 2023, Wednesday ("Record Date"). The Register of Unitholders will be closed from 20 March 2023, Monday to 22 March 2023, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 15 May 2023, Monday, to Unitholders whose names appear on the Register of Unitholders on the Record Date.

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

In order to qualify for the 2022 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 17 March 2023, Friday.

Debt Positions

In February 2022, Hui Xian Investment Limited ("Hui Xian Investment") fully prepaid HK$600 million of a 3-year unsecured loan which was drawn down in March 2019. The loan was offered by DBS Bank Ltd, Hong Kong Branch and involved a revolving loan facility and a term loan facility.

In April 2022, Hui Xian Investment fully prepaid a 4-year unsecured term loan of HK$1,000 million which was granted by Bank of China (Hong Kong) Limited ("BOC") in August 2018.

In May 2022, Hui Xian Investment partially prepaid HK$800 million of a 3-year unsecured term loan which was drawn down in November 2020. The loan was offered by BOC, DBS Bank (Hong Kong) Limited ("DBS"), Bank of Communications (Hong Kong) Limited, Hang Seng Bank Limited, Sumitomo Mitsui Banking Corporation, The Bank of East Asia, Limited and China Construction Bank (Asia) Corporation Limited. As at 31 December 2022, the outstanding amount of the facility was HK$3,000 million.

In June 2022, Hui Xian Investment drew down a 3-year unsecured revolving loan of HK$800 million offered by DBS and Oversea-Chinese Banking Corporation Limited. The purpose of the facility was to finance the general working capital of the Group.

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

As at 31 December 2022, Hui Xian REIT's total debts amounted to RMB7,840 million (31 December 2021: RMB8,471 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB22,728 million as at 31 December 2022 (31 December 2021: RMB24,455 million), Hui Xian REIT's debts to net asset value ratio stood at 34.5% (31 December 2021: 34.6%). Meanwhile, the debts to gross asset value ratio was 20.4% as at 31 December 2022 (31 December 2021: 20.6%).

Bank Balances and Asset Positions

As at 31 December 2022, Hui Xian REIT's bank balances and cash amounted to RMB4,759 million (31 December 2021: RMB5,880 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed as at the year end date.

Hui Xian REIT is indirectly interested in a 132,584 square metre shopping centre, eight blocks of Grade A office, four 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.

Knight Frank Petty Limited ("Knight Frank") valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB25,058 million as at 31 December 2022 (31 December 2021: RMB26,218 million), translating into a decrease of 4.4% over the valuation as of 31 December 2021. The hotel and serviced apartment premises were valued at RMB4,845 million as at 31 December 2022 (31 December 2021: RMB4,929 million). The total valuation of Beijing Oriental Plaza was RMB29,903 million (31 December 2021: RMB31,147 million), while the total gross property value of the properties was RMB29,299 million as at 31 December 2022, as compared to RMB30,509 million as at 31 December 2021.

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 2022, the shopping centre, office building and car parking spaces were valued by Knight Frank at RMB2,840 million (31 December 2021: RMB3,074 million). Gross property value of the properties as at 31 December 2022 was RMB2,786 million (31 December 2021: RMB3,026 million).

Hui Xian REIT indirectly owns the entire interest of Highsmith (HK) Limited, which in turn indirectly owns the entire interest of Hyatt Regency Liberation Square Chongqing, a 38-storey hotel tower of 52,238 square metre. It is adjacent to Chongqing Metropolitan Oriental Plaza.

Knight Frank valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB446 million as at 31 December 2022 (31 December 2021: RMB448 million). Gross property value of hotel premises as at 31 December 2022 was RMB299 million (31 December 2021: RMB343 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.

Knight Frank valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB622 million as at 31 December 2022 (31 December 2021: RMB609 million). Gross property value of hotel premises as at 31 December 2022 was RMB507 million (31 December 2021: RMB543 million).

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.

Knight Frank valued the hotel and serviced apartment premises of Shenyang Lido at RMB709 million as at 31 December 2022 (31 December 2021: RMB715 million). Gross property value of the hotel and serviced apartment premises as at 31 December 2022 was RMB494 million (31 December 2021: RMB532 million).

Net Assets Attributable to Unitholders

As at 31 December 2022, net assets attributable to Unitholders amounted to RMB22,728 million (31 December 2021: RMB24,455 million) or RMB3.6480 per Unit, representing a 247.4% premium to the closing unit price of RMB1.05 on 31 December 2022 (31 December 2021: RMB3.9900 per Unit, representing a 185.0% premium to the closing unit price of RMB1.40 on 31 December 2021).

Pledge of Assets

Hui Xian REIT has not pledged 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 2022, except for capital commitment in respect of the asset enhancement programmes for Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Shenyang Hotel, Chongqing Metropolitan Oriental Plaza and Hyatt Regency Liberation Square Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2022, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 786 employees in Hong Kong and the PRC, of which 756 employees performed hotel operation functions and services, and 30 employees handled legal, regulatory and other administrative matters 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 2022.

TOP 5 CONTRACTORS

Contractors	Nature of services	Value of contract RMB'000	Percentage
Beijing Hui Xian Enterprise Services Limited	Property management	59,752	9.8%
廣州市第三建築裝修有限公司	Renovation	36,757	6.0%
北京市保安服務總公司	Property management	27,011	4.4%
Beijing Goodwell Century Property Management Ltd.	Property management	23,526	3.8%
北京老兵安衛保安服務有限公司	Property management	22,652	3.7%
		169,698	27.7%

TOP 5 REAL ESTATES AGENT

Real estate agent	Nature of services	Commission paid RMB'000	Percentage
北京世邦魏理仕物業管理服務有限公司	Leasing	2,533	16.3%
北京遠行房地產經紀有限公司	Leasing	2,159	13.9%
上海高力國際物業服務有限公司重慶分公司	Leasing	1,150	7.4%
北京亞中聯合房地產經紀有限公司	Leasing	1,112	7.2%
北京嘉園房地產經紀有限公司	Leasing	909	5.9%
		7,863	50.7%

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong ("the Listing Rules") and the rules and regulations issued by HKEX from time to time. The report follows four reporting principles as underpinned by the HKEX ESG Guide, including Materiality, Quantitative, Balance and Consistency.

The report describes the performance and management of Hui Xian REIT in material areas of sustainable development and climate-related issues management for the financial year ended 31 December 2022 ("the Reporting Period") to ensure compliance in all material aspects with the relevant rules, regulations and/or guidelines issued by The Securities and Futures Commission (the "SFC"), The Stock Exchange of Hong Kong Limited (the "HKEX") and/or other relevant regulatory authorities.

During the Reporting Period, there are six assets under Hui Xian REIT including malls, offices, serviced apartments and hotels:

- Beijing Oriental Plaza ("BOP")
- Grand Hyatt Beijing ("GHB")
- Chongqing Metropolitan Oriental Plaza ("COP")
- Sofitel Shenyang Lido ("Shenyang Lido") (renamed as "The Westin Shenyang" effective on 1 March 2023)
- Hyatt Regency Liberation Square Chongqing ("COH")
- Sheraton Chengdu Lido Hotel ("Sheraton Chengdu")

(collectively referred to as "Asset Companies")

Day-to-day operation and management of these assets are delegated to property and hotel management companies.

Throughout the Reporting Period, we complied in all material aspects with the relevant rules, regulations and provisions of the HKEX ESG Guide.

SUSTAINABILITY STRATEGY

All aspects of our asset management have embedded with a four-pillar sustainability strategy which generates shared benefits for our stakeholders and community in a long run.

Business ethics and integrity • Anti-bribery and anti-corruption • Service quality • Customer data privacy and security • Sustainable procurement	***Environmental impact*** • Energy efficiency and greenhouse gas emissions reduction • Water efficiency • Waste reduction • Environmental impact mitigation
Community support • Care for the underprivileged • Community Support	***A safe and inclusive workplace*** • Employee rights and working environments • Occupational health and safety • Ongoing training and development

Sustainability Management

Board of the Manager ("Board") oversees Hui Xian REIT's environmental, social and governance (ESG) strategy, management and reporting. It monitors and reports the progress made against climate-related goals and targets on an annual basis. Board also reviews and ranks ESG-related issues, guides Hui Xian REIT to manage these issues in accordance with ESG disclosure and management-related regulations.

Our Sustainability Steering Committee is led by the Legal and Compliance Department to oversee the sustainability of Hui Xian REIT. It, together with the ESG Delegated Committee, delivers regular updates to the Board and advises on any actions required for ESG.

A Climate Risk Policy has been put in place as a framework for identifying, assessing and managing climate risks in a systematic and proactive approach to achieve carbon footprint reduction. The Policy incorporated climate-related considerations into Hui Xian REIT's investment strategies, risk management procedures and portfolio management processes.

Stakeholder Engagement

From time to time, we engage with our stakeholders on sustainability issues regularly to assess areas at risk, and to measure and address their concerns. The principal engagement methods are:

Key stakeholders	Engagement methods
Unitholders	• Investor meetings • Annual general meeting and other general meetings • Annual and interim reports • Investor relations website page and hotline
Employees	• Online surveys • Meetings/trainings • Employee activities • Interviews
Tenants	• Meetings • Interviews • Helpdesk • Online surveys
Customers	• Satisfaction surveys • Hotline • Website and social media
Suppliers	• Assessments and audits • Supplier selection
Charity partners	• Philanthropic activities
Property and Hotel Managers	• Regular meetings

After reconciling opinions on the sustainability strategy from the Board and our stakeholders, we have identified the following ten aspects with the highest priorities.

Sustainability aspect	Prioritised topic
Environmental practices	Energy conservation Water conservation Environmental impact mitigation Waste management
Employment and labour practices	Employee career development Occupational health and safety
Operating practices	Anti-corruption and anti-bribery Service quality Intellectual property rights Customer data privacy

MAINTAINING OUR ETHICS AND INTEGRITY

We attach great importance to responsibility and ethics. Our business operations and partnerships are built on a foundation of high professional and ethical standards.

Enforcing Anti-bribery and Anti-corruption

Our operations in the People's Republic of China strictly adhere to the Prevention of Bribery Ordinance, the Provisional Regulations on Prohibition of Bribery, the Law of the People's Republic of China on Anti-money Laundering, and the Laws of the People's Republic of China on Tenders and Bids.

We have zero-tolerance for misconduct including bribery, conflict of interest, anti-competition, money laundering, fraud and corruption. These are embedded in Employee Handbook across different Asset Companies to ensure our employees have a clear grasp of their obligation towards business integrity. Any ambiguity around contentious behaviours such as gift handling is removed through regular anti-corruption and anti-bribery training provided to directors and employees across our Asset Companies in order to raise their awareness towards the subject matter. Our standard also applies to our suppliers.

In the event of possible bribery or corruption, employees are encouraged to contact their supervisors or express their concern via the well-established communication channels on an anonymous and confidential basis. To protect whistle-blowers from retaliation, formal procedures are in place to ensure all whistle-blowing reports are handled with care and fair treatment. Investigation and measures will be in place to address the concerns. In the meantime, all information received from the whistle-blower and the identity will be kept confidential.

During the Reporting Period, we provided anti-corruption training to directors and employees. There were no legal disputes regarding corruption brought against Hui Xian REIT during the Reporting Period (2021: no legal case).

Enhancing Customer Service

We deliver high-quality service to cater our customers' needs and comply with applicable regulations such as "Protecting Consumers' Rights and Interests" and "Advertising Law of the People's Republic of China".

Our customer feedback system drives us to achieve two-way communication by thoroughly responding to our customers' needs and to enhance our service quality. For example, customer service team of Sheraton Chengdu sent emails or messages to guests three days prior to their arrival to advise on the weather and traffic conditions during their stay. The hotel invited guests to indicate their preferences for room arrangements. We actively communicate with our guests to identify issues in order to address their concern timely. Hotel rating on an international online travel agency increased from 4.2 to 4.68 over 5 during the year.

Trainings on the Tort Law of the People's Republic of China were provided to our employees, to raise their awareness of intellectual property rights. Our hotels are committed to use only photos, with usage rights, from picture libraries. COP further provided guidance on trademark application and registration, and how to use authorised promotional images to prevent infringement.

To assure our service are at high-quality and align with our expectation, our Asset Companies evaluate the service quality, product quality and after-sales service quality of suppliers on annual basis. We also require all our suppliers and service providers to comply with government policies and legal regulations. Customer relations trainings were provided to our hotel staff to ensure enquiries are handled with care in an efficient and timely manner.

Resolving Complaints

We encourage our guests to share their experience, feedback, and suggestions towards their experience with us. Customers can raise their concerns or requests regarding any aspect of our service in person, over the phone, by mail or email. Negative comments are addressed within 48 hours. COH is particularly proactive in this area, the sales and marketing department regularly collects comments from travelling websites, and shares them to relevant departments for further improvement.

During the Reporting Period, 1,434 complaints (2021: 1,048) were received by our Asset Companies. The percentage increased by 37% compared with last year. The majority of complaints are due to the noise produced during our asset renovation, covered in the section of Energy Efficiency and Greenhouse Gas Emissions.

Prioritising Customer Health and Safety

With the impact of global pandemic ripple across the globe, the communities where our business operated in China are undergoing unprecedented changes. We are committed to complying with the laws and regulations relating to customer health and safety.

During the Reporting Period, we also implemented a number of measures to control the impact of COVID-19, including compulsory registration, temperature checks, and health and travel history declarations for all in-room guests and visitors upon arrival. All employees were required to show their Health Code, an e-passport that reports the real-time health condition of an individual, before entering any of our Asset Companies. COVID-19 antigen kits were also provided to staff members and those who in need. Cleaning protocols were also updated to form a regular disinfect schedule of common areas such as changing rooms and dormitories for employees.

We continued to uphold the on-site hygiene standard. For example, COP conducted regular cleansing to its public area and air ventilation system. Additionally, contactless body temperature monitoring equipment was installed in all entrances, customers were requested to go through the checkpoint before entering the building. Sufficient amount of surgical masks, protective clothing, goggles, gloves and other protective equipment were stocked for our employees.

Safeguarding Customer Data

Due to the speciality of our business sector, the collection of sensitive personal data is inevitable. We strive to preserve the privacy of our customers, and we have a set of solid internal policies and industrial standard practices in place to ensure data is handled properly by authorised personnel. We are committed to complying in all material aspects with the Persona Data (Privacy) Ordinance and Advertising Law of the People's Republic of China which governs our practices in collecting and handling personal information.

We will not purposely or intentionally use, disclose, transfer or sell customer's personal data in such circumstances other than the above purposes without customer's prior consent. Confidential data will be required to process customer's request for services or activities or facilitate the administration and delivery of services and products provided by us; thus, it will be partially concealed to avoid any unnecessary access to such information.

We have continued to strengthen our policies and management processes. This included ongoing training, ensuring that our staff who runs the business gain and keep the trust of our customers. Our hotels require all employees to undergo trainings on data security and privacy protection, to gain a comprehensive understanding of correct protection methods for personal data and to increase their awareness of applicable laws in this area. For example, COH included a "Network Security and Privacy" course in the induction training programme, using case-based instruction to enable new employees to understand how to identify, report and avoid potential cyber security and privacy risks and violations.

Practising Sustainable Procurement

Suppliers and service providers are required to comply with local government policies, legal regulations and our Supplier Code of Conduct. Our Supplier Code of Conduct oversees aspects including business conduct, employment practice, anti-corruption, workplace health and safety, and environmental and social performance.

During the Reporting Period, all suppliers and service providers of our Asset Companies were audited for their environmental and social performance, as part of the risk management process designed to analyse and monitor possible supply chain risks. For example, in Shenyang Lido, we conducted annual independent audits and reviewed whether suppliers have obtained ISO 14001 certification. For suppliers who failed, they were required to make improvements and report on their progress afterwards. COH would examine the hygiene status and certifications of suppliers supplying high-risk products, including poultry products such as chicken meat, dairy and egg.

Our procurement decisions are consistent with our environmental, social and ethical standards. By increasing supply chain visibility on responsible procurement for our high-risk suppliers in a growing global supply chain, we uphold our due diligence processes to ensure products and services offered to our customers are compliant with relevant regulations. Suppliers who hold ISO 14001 Environmental Management System and ISO 9001 Quality Management System certifications are prioritised in our selection and assessment process, owing to their ability to demonstrate environmentally friendly operations.

During the Reporting Period, our Asset Companies procured most of the products and services from local suppliers.

Suppliers by region	2022	2021
Mainland China	2,860	2,582
Hong Kong	–	1
Overseas	–	–
Total	2,860	2,583

PROTECTING THE ENVIRONMENT

We rely on an array of natural resources, in particular energy and water, to provide liveable environment for our guests, tenants and customers. It is our duty to safeguard the well-being of our guests through minimising impacts of business activities on the environment and natural resources. On the other hand, the real estate industry is responsible for the majority of the carbon emissions and air pollutants worldwide, which triggers attention from authorities and investors, expecting the industry to reduce carbon footprint in their operation.

We understand the interlinked relationship between climate risk mitigation and sustainable development, therefore, we have adopted the following 2 key policies to strengthen our monitoring and implementation of practices in reducing our environmental impacts and enhancing our adaptability and resilience to climate change:

- We adhere to the Environmental Policy at group level, to demonstrate our dedication to managing our business's environmental impacts and reflecting our commitment to energy and resources conservation, emission control and waste management.

- Our Climate Risk Policy outlines the formal procedures to integrate climate-related considerations into the investment, risk and property management practices. It also asserts our commitment in (i) aligning our climate risk strategies with the best local and international practices, and (ii) identifying, assessing and managing climate risks in a systematic and proactive approach.

Corresponding environmental taskforces have been established in each Asset Company to implement programmes and actions aimed at mitigating adverse effects on surrounding areas. The taskforces also ensure that our operations are in compliance with the Environmental Protection Law of the People's Republic of China. Property Manager and Hotel Manager will be engaged by the Manager from time to time regarding their performance on the management of climate-related matters.

Environmental targets and current progress

We recognise the perceived connection between climate change and the real estate industry, and thus take action to demonstrate our commitments towards sustainable development by instilling sustainability values across the operation.

We reviewed our historical environmental performance to develop environmental targets for our emissions, consumption of natural resources and discharge of waste and pollutants. The following table illustrates our environmental targets defined and progress for the Reporting Period.

	Non-hotel portfolio (per unit floor area)	Hotel portfolio (per room night)	Baseline year	Target year	Target progress of Non-hotel portfolio as at the Reporting Period	Target progress of Hotel portfolio as at the Reporting Period
Greenhouse gas emission intensity	-3%	-15%	2020	2030	-31%	15%
Energy consumption intensity	-3%	-15%	2020	2030	3%	29%
Water consumption intensity	-3%	-20%	2020	2030	-5%	53%
Waste disposal intensity	-3%	-30%	2020	2030	4%	529%

In addition to internal policies, we also adhere to local environmental regulations relevant to our business. A number of initiatives are established to ensure our goals are closely aligned with our 2030 targets. Property Manager and Hotel Manager will provide regular update on the environmental performance of our Asset Companies. The environmental performance data and information will be consolidated and reviewed against our 2030 target regularly, as reference for making recommendations to the Board and driving improvements according to targets defined.

Climate Risk Management

Climate change poses significant threats to our business. It is our responsibility to address and mitigate the associated risks in order to ensure our business's sustainability through decarbonising our operations and value chain. As guided by our Climate Risk Policy, we strive to reduce our carbon footprint and enhance our adaptability and resilience to climate change. The investment strategy of Hui Xian REIT will be reviewed on a periodic basis and reported to the Board in light of prevailing market and economic conditions and other factors as appropriate. The Board will review the Climate Risk Policy regularly and update the policy to give effect and comply with the rules, regulations or guidelines issued by SFC, HKEX or other relevant regulatory authorities from time to time.

We appointed a third-party consultant to provide assistance in identifying climate-related issues across our operational regions. As our investments are mostly fixed assets – known for their prolonged investment horizon, they would be exposed to unique challenges related to both climate-related physical risks and transition risks. Regarding physical risks, severe rainfall or flooding are important climate-related concerns that might disrupt the operation of Asset Companies. Extreme weather could also cause a tenant to reconsider the rental tenure or travellers to cancel their bookings owing to poor accessibility of assets. Regarding transition risks, capital investments for Asset Company's energy efficiency improvement are anticipated in order to meet customer and regulatory expectations for energy and emissions reduction, which might increase the operating costs.

We have reviewed our climate risk management approach to enhance the governance structure, ensuring climate-related risks will be taken into consideration in Hui Xian REIT's investment, risk and property management processes. Currently, the Board has overall responsibility for Hui Xian REIT's ESG strategy, management, progress review and reporting. Our Sustainability Steering Committee, led by the Legal and Compliance Department oversees the climate-related issues of Hui Xian REIT and its Asset Companies together with ESG Delegated Committee, and delivers regular updates to the Board on any actions required. With the support of the Enterprise Risk Management system, the results of annual risk assessments will be reviewed by the executive officers and actions to manage the risks will be proposed. We also work with Property Manager and Hotel Manager, to identify, monitor and manage any potential climate-related impacts through development and implementation of initiatives and measures. For example, a ESG training was delivered in 2022 to provide updates on ESG trends in 3 areas to all our Asset Companies – regulatory, industry and corporate.

We strive for better climate risk management and disclosure. A variety of resilience measures are implemented to avoid or reduce the adverse effect of climate change on our business operations. We will work with our partners and engage with Property Manager and Hotel Manager to develop feasible solutions for alignment with the defined ESG goals and to mitigate the effects of identified climate risks on our assets. The Property Manager and Hotel Manager will continue to conduct climate change assessment on their operations, including utilizing scenario analysis to map out the impacts of climate change on its business.

Energy Efficiency and Greenhouse Gas Emissions

Adhering to the Law of the People's Republic of China on Conserving Energy, and supported by the Group-level Environmental Policy, we are committed to minimizing our energy use and greenhouse gas emissions through raising environmental awareness and implementing efficiency initiatives. During the Reporting Period, we achieved a 14% reduction of electricity consumption comparing with our performance in the previous year of 2021.

Throughout the year, a variety of measures were implemented to assist us in attaining our climate-related objectives. For example, we renovated existing energy-efficient equipment, such as the water boiler and LED lightbulbs, in order to maintain a pleasant atmosphere while minimising energy use. Centralised heating and cooling facilities were being installed to save energy consumption of unmanned facilities and minimise energy waste in underutilised facilities. Comparing to conventional centrifuges, magnetic levitation units saved approximately 189,000 kWh of power every cooling season in Shenyang Lido's air conditioning system. Meanwhile, the water temperature was controlled by condensing module units, saving around RMB970,000 every winter.

Total energy consumption by all our Asset Companies	Unit	2022	2021
Total energy consumption	gigajoules (GJ)	381,590	446,488
Electricity	kilowatt hour (kWh)	58,583,819	68,060,851
Heating	GJ	78,665	68,354
Natural gas	cubic metre (m^3)	2,350,492	3,403,248
Diesel	litre (L)	7,525	8,674
Petrol	L	6,479	9,309
Energy intensity			
Malls and offices	GJ/square metre (m^2)	0.24	0.26
Hotels and serviced apartments	GJ/room night	1.09	0.77

Total GHG emissions by all our Asset Companies[1]	Unit	2022	2021
Total emissions	Tonnes of carbon dioxide equivalent (tCO_2e)	50,132	59,243
GHG emissions by scope			
Direct GHG emissions (scope 1)[2]	tCO_2e	5,737	10,823
Indirect GHG emissions (scope 2)[3]	tCO_2e	44,395	48,419
GHG emission intensity			
Malls and offices	tCO_2e/m^2	0.04	0.04
Hotels and serviced apartment	tCO_2e/room night	0.12	0.08

We calculated our portfolio carbon footprint[4] in accordance with item 19 of Hong Kong's Securities and Futures Commission's 'Circular to licensed corporations, management, and disclosure of climate-related risks by fund managers' taking into account our portfolio's Scope 1 & 2 emissions.

Portfolio carbon footprint	Unit	2022
Total Scope 1 & 2 Emissions	tCO_2e	50,132
Market Value of Properties	RMB Million	34,520
Interest Rate	%	98.82%
Portfolio Carbon Footprint	tCO_2e/RMB Million	1.47

Water Efficiency

We did not encounter any difficulty in water sourcing during the Reporting Period. We strived to utilize water efficiency through conducting inspection and installing water-saving equipment. During the Reporting Period, we achieved a 12% reduction of water consumption comparing with our performance in the previous year of 2021.

1 This report adopts definitions in the Greenhouse Gas Protocol regarding direct and indirect emissions:
- Direct emissions are those from sources owned or controlled by the reporting entity (Scope 1), including use of fuel for stationary and mobile combustion, and refrigerants.
- Indirect emissions are those that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity (Scope 2), including purchased electricity, steam and heat consumption.

2 GHG emissions from the use of fuel for stationary and mobile combustion, and refrigerants, were calculated based on factors in the World Resources Institute's Greenhouse Gas Accounting Tool for Chinese Cities (Pilot Version 1.0).

3 GHG emissions from purchased electricity and heat in China in this report were calculated based on factors in China's Regional Grid Average CO2 Emission Factors in 2012, published by the National Center for Climate Change Strategy and International Cooperation (http://www.cec.org.cn/d/file/huanbao/xingyexinxi/qihoubianhua/2014-10-10/5fbcb57bcd163a1059cf224b03b751d8.pdf) and the World Resources Institute's Greenhouse Gas Accounting Tool for Chinese Cities (Pilot Version 1.0), respectively.

4 Portfolio carbon footprint is a representation of carbon emissions normalised by the portfolio's market value and expressed in tons of carbon dioxide equivalent emissions (CO_2e) per million dollars invested with reference to Partnership for Carbon Accounting Financials.

Upgrades to water infrastructure and site inspections to eliminate water leaks were two ways we deemed most effective to improve water efficiency. A number of BOP faucets were replaced, and the sensors were adjusted to increase water efficiency and reduce water leaks. We conducted daily inspections of sanitary ware in hotels, shopping malls and commercial buildings to ensure the proper functioning of water equipment, therefore reducing the possibility of water leakage and dripping, and wastage from excessive water output. In addition, we installed various new water-saving devices. We have outfitted all guest rooms at Shenyang Lido with TOTO water-saving sprinklers, faucets, and toilets, therefore conserving around 3,070 tonnes of water annually. We also installed sensor-operated flushing systems in the staff restrooms, saving around 370 tonnes of water annually. A new resin water filter canister was installed at GHB, improving water quality and decreasing water flushed by 50 tonnes per day.

Total water consumption by all Assets Companies	Unit	2022	2021
Total water consumption	m^3	905,700	1,025,225
Water intensity			
Malls and offices	m^3/m^2	0.71	0.75
Hotels and serviced apartment	m^3/room night	1.88	1.33

We ensure that all wastewater generated by Asset Companies is treated, reused or discharged into the municipal sewage system in compliance with the Law of the People's Republic of China on Water Pollution Prevention and Control.

Waste Reduction

We seek to reduce and divert waste at our Asset Companies. In compliance with the laws and regulations of the People's Republic of China, we strive to mitigate the environmental impacts associated with waste through waste management and waste recycling. During the Reporting Period, we achieved a 10% reduction of waste disposal comparing with our performance in the previous year of 2021.

Waste management is the first and most effective step. For COP and COH, we updated the classification labels on trash containers, creating posters and information bulletin boards to encourage rubbish sorting, and enhancing the procedures and oversight for garbage sorting. Wastes were sorted and transported to the garbage depot by each production department.

We have also implemented the notion of "circular economy" into our operations, with recycling being one of our focuses. In Shenyang Lido, we cooperated with local company to collect and handle food waste for energy generation. Garbage contractors also helped our Asset Companies to recycle and repurpose glass, paper, and plastic waste generated in our operation.

Although we do not produce finished products which requires consumption of packaging materials, our catering services adhere to the principle of sustainability. For instance, restaurant takeaway was packed with paper bags instead of plastic; plastic straws were substituted with eco-friendly alternatives in GHB and COH.

	Unit	2022	2021
Waste recycled			
Waste recycled by all Assets Companies (Non-hazardous)			
Paper	tonnes	134	150
Plastic	tonnes	27	26
Food	tonnes	387	590
Total non-hazardous waste recycled	tonnes	548	766
Waste recycled by all Assets Companies (Hazardous)			
Fluorescent light tubes	tonnes	3	2
Grease	tonnes[5]	6	14
Total hazardous waste recycled	tonnes	9	16
Total Waste recycled by all Assets Companies			
Total waste recycled by all Assets Companies	tonnes	557	782
Waste disposal			
Waste directed to disposal (Non-hazardous)			
Total non-hazardous waste disposed	tonnes	7,439	8,297
Waste directed to disposal (Hazardous)			
Total hazardous waste disposed	tonnes	10	4
Total waste disposed by all Assets Companies			
Total waste disposed by all Assets Companies	tonnes	7,449	8,301
Waste disposal intensity			
Malls and offices	tonnes/m^2	0.01	0.01
Hotels and serviced apartment	kg/room night	2.12	0.28

5 Unit for Grease has been revised to tonnes from litres for alignment.

ENSURING A SAFE AND INCLUSIVE WORKPLACE

We offer attractive remuneration packages, career development opportunities and employee engagement activities across all Asset Companies. Our goal is to maintain a safe and healthy working environment for our employees, especially against a backdrop of COVID-19 during the Reporting Period.

As of 31 December 2022, Hui Xian REIT had a total number of 1,008 employees with a turnover rate of 43%.

Total Workforce	2022	2021
Overall	1,008	1,211
Gender		
Male	482	596
Female	526	615
Employment Type		
Senior management	85	114
Middle management	276	346
General staff	647	751
Age Group		
Under 30 years old	290	412
30 to 50 years old	545	610
Over 50 years old	173	189
Geographical Region		
Hong Kong	13	12
Mainland China	991	1,197
Others	4	2

Employee Turnover Rate[4]	2022	2021
Overall	43%	31%
Gender		
Male	47%	38%
Female	40%	24%
Age Group		
Under 30 years old	84%	48%
30 to 50 years old	26%	23%
Over 50 years old	31%	19%
Geographical Region		
Hong Kong	54%	50%
Mainland China	43%	31%
Others	100%	50%

4 Employee turnover rate is calculated as total number of turnovers in the category divided by total number of permanent employees in the category of the Reporting Period and then multiplied by 100%.

We value and respect our employees. Our employment policy and employee handbook ensure that all employees have equal access to opportunities, rights, and benefits. Further, our policies are reviewed on a regular basis to adopt changes in light of the People's Republic of China's Employment Law, Contract Law, Employment Promotion Law, and Social Insurance Law, as well as the Minimum Wage Regulations, the Law on the Protection of Women's Rights, the Regulations on the Prohibition of Child Labour, and the Law of the People's Republic of China on Minor Protection. During the Reporting Period, we are pleased to confirm that we complied with the relevant laws and regulations in all material aspects.

To foster a pleasant working environment, we provide various facilities including gym rooms and audio-visual rooms to our employees after work. We have formed a welfare committee to hear from employees about their expectations on the working environment, benefits, and allowances. During the Reporting Period, we organised different activities to improve employees' sense of belonging at work. For example, birthday vouchers were delivered in employees' birthday month, and Employee Thankful Week was held to enhance team cohesion.

Diversity and Inclusiveness

We are dedicated to providing employees with fair, equal, and reasonable employment opportunities. And as our society grapples with racial and gender inequity, our Asset Companies are prepared to assume a greater degree of responsibility in our communities. For example, COH supports and acknowledges the accomplishments of female employees and leaders, and hosted events to reward outperforming female employees with gifts on the International Women's Day. A lactation room has also been set up in the BOP for working mothers. We treat all employees equally, regardless of their age, race, gender, religion, sexual orientation, family status, or disability, along with any other considerations. Employees can voice out their concerns via designated communication channels should they find themselves being discriminated.

Meanwhile, we strictly forbid any forms of child and forced labour practice in all aspects of our business. Each asset has implemented procedures to address issues such as human trafficking. Job applicant will be subject to background check, which includes verification of identity and age. The application will be placed on hold if it is discovered that he or she is under the legal age or is being coerced to work. During the Reporting Period, there was no case reported in relation to child labour or forced labour.

Occupational Health and Safety

We are committed to a healthy and safe working environment for our employees. Relevant policies and operating procedures are in place to comply with the health and safety legislation and industry standards including the Law of Occupational Disease Prevention, the Fire Law of the People's Republic of China and the Law of the People's Republic of China on Emergency Response.

To ensure a solid implementation of our health and safety measures, we organise regular trainings, drills, and health talks to enhance our employees' awareness of workplace health and safety standards. Emergency response plans are developed at all assets according to potential risks, such as fire drills and entrapment drills, to guarantee a seamless response in case of an emergency or disaster. Annual health checks and talks are organised from time to time to raise our employees' awareness on their mental and physical health. During the Reporting Period, 331 lost days were recorded (2021: 390) as a result of 21 injury cases (2021: 29) and no work-related fatality was recorded (2022 and 2021: 0) across all our Assets Companies.

During the Reporting Period, COVID-19 continued to be distributed globally, impacting the health and well-being of our employees. We undertook protective and precautionary measures to enhance the well-being of our employees. We promoted vaccination and provided regular training on protective measures and sanitation processes. BOP used internal platforms to disseminate information on epidemic prevention and update the most recent lockdown measures implemented by government authorities. Anti-epidemic items such as surgical masks and hand sanitiser were provided in GHB, while employees were also being invited to take the COVID-19 nucleic acid tests.

Continuous Development and Improvement

We aim to develop and create a resilient, future-ready workforce across our Asset Companies by offering training and development opportunities for our employees to grow and prosper.

We have established a talent development training plan that incorporates our missions, visions, and management strategies in order to offer all employees, from new hires to managers in all business divisions and Asset Companies, opportunities to continuously learn new technologies, concepts, and tools. The training is provided with the career objectives of our workers in mind, regardless of their gender, other diversity characteristics, or management/non-management position.

By offering a range of training courses, we want to assist employees to appreciate the value of the organization and contribute to our optimal business success. In Sheraton Chengdu, we provide three layers of training programmes. The orientation programmes for newcomers aim at helping new hires to know more about the Asset Companies, and to master and familiarise with the policies, regulations and norms. We also provide role-based trainings to improve employees' skills in customer services, dispute handling, social media usage and making use of Office Automation System to enhance their work efficiency. Also, we provide leadership trainings and mentorship programme to potential employees who demonstrated their leadership skills, equipping them with some elementary management skills to transit, from general staff to supervisor, paving the way for their future progression. At GHB, online learning platforms are also made available. By providing training on a digital platform, we can provide leadership training and professional skill development to all employees regardless of their geographical location.

As of 31 December 2022, 100% of our employees of our Asset Companies had undertaken trainings. 29,699 hours of training were undertaken by staff across our assets.

Average training hours completed per employee	2022	2021
Gender		
Male	27.4	25.8
Female	31.4	34.6
Category		
Senior management	14.8	32.7
Middle management	20.7	27.4
General staff	35.1	32.2

Employees who are interested in internal transfer are being supported by our Asset Companies with tailor-made programmes, Individuals are seconded to different hotels to further develop their skills and to broaden their experience.

To enhance our employees' professional development, an appraisal system has been set up to review employees' performance and reward excellence with annual salary adjustments in a fair manner. Employees can also make suggestions and discuss concerns on their working environment and career development with their supervisors in monthly counselling sessions.

COMMUNITY SUPPORT

We strive to contribute and exert positive impacts on our community and environment by way of donations and volunteer services. During the Reporting Period, a total of RMB23,194 were donated.

Our commitment to embracing regional culture and positively impacting the communities in which we operate originates from the inseparability of the communities from our operations. We strive to have a positive, long-lasting effect that results in creating sharing value for all. Throughout the course of the year, COP organised the "Starting for the Dream, Meeting Chongqing's Smile Project," inviting Daliangshan Ermaqian Aimu Primary School students to participate in a summer camp. Children from rural areas attended and stayed at our assets, where they participated in three series of carnival activities, including the "Boundless" Space Exhibition, Time Capsule Amusement Park, and Coca-Cola Science Fiction Experience Hall. COP fostered a vibrant and memorable learning environment and provided the students with a broader horizon.

We also aim to improve the health and safety of our employees and to extend our care beyond their workplace towards the community. We aided in organising of charity events for workers with health-related concerns and donated all cash generated directly to those employees. We always hope to improve the overall quality of life of our employees and exert our effort to contribute to the sustainable growth of the community.

RECOGNITION

Name of award	Organization	Winning entities
Innovation Quality Serviced Apartments 2022	Economic Observer News	BOP
China Building Economy 100	China Building Economy Beijing Forum	BOP
Annual Hotel Apartment (Professional Choice)	Timeout Beijing	BOP
2022 Urban Fashion Landmark	Beijing Trendy Life	BOP
Meituan Popular Hotel Restaurant	Meituan Hotel	Sheraton Chengdu
2022 Annual Star Hotel	Fliggy Travel	Sheraton Chengdu
Digital Marketer of the Year	Marriott	Sheraton Chengdu
GBAC Star Facility Certification	Global Biorisk Advisory Council	COH
Best Business Hotel	Trip.Biz	COH
2022 Luxury Hotel in Chongqing	Ctrip	COH
Meituan Popular Hotel Restaurant	Meituan Hotel	COH
2022 COVID-19 Prevention and Control Work Pioneer	Jiefangbei CBD Enterprise Association	COP
2022 Annual Yuzhong District Festival Fashion Award	Yuzhong District Business Committee	COP
2022 Annual Best Luxury Hotel	Enjoyable Travel	Shenyang Lido
Top 100 Merchants in North China Region	ZKT	Shenyang Lido

APPENDIX – HKEX ESG GUIDE CONTENT INDEX

The following table explains how this report tallies with the HKEX ESG Guide:

Indicators		Section
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.	Protecting the environment
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (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 non-hazardous 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 emissions target(s) set and steps taken to achieve them.	Protecting the environment
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Protecting the environment

Indicators		Section
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 target(s) set and steps taken to achieve them.	Protecting the environment
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Protecting the environment
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the core business of Hui Xian REIT
Aspect A3: The environment and natural resources	General disclosure Policies on minimising the issuer's significant impacts 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
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Protecting the environment
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Protecting the environment

Indicators		Section
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.	Ensuring a safe and inclusive workplace
	KPI B1.1 Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	Ensuring a safe and inclusive workplace
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Ensuring a safe and inclusive workplace
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.	Ensuring a safe and inclusive workplace
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	Ensuring a safe and inclusive workplace
	KPI B2.2 Lost days due to work injury.	Ensuring a safe and inclusive workplace
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Ensuring a safe and inclusive workplace
Aspect B3: Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Ensuring a safe and inclusive workplace
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Ensuring a safe and inclusive workplace
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Ensuring a safe and inclusive workplace

Indicators		Section
B. Social		
Employment and labour practices		
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.	Ensuring a safe and inclusive workplace
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Ensuring a safe and inclusive workplace
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Ensuring a safe and inclusive workplace
Operating practices		
Aspect B5: Supply chain management	General disclosure Policies on managing environmental and social risks of the supply chain.	Maintaining our ethics and integrity
	KPI B5.1 Number of suppliers by geographical region.	Maintaining our ethics and integrity
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Maintaining our ethics and integrity
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Maintaining our ethics and integrity
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Maintaining our ethics and integrity

Indicators		Section
B. Social		
Operating practices		
Aspect B6: Product responsibility	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Maintaining our ethics and integrity
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	We do not sell or ship any physical products
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Maintaining our ethics and integrity
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Maintaining our ethics and integrity
	KPI B6.4 Description of quality assurance process and recall procedures.	For quality assurance process, please refer to Maintaining our ethics and integrity. We do not have any products that can be subjected to recalls.
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Maintaining our ethics and integrity
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.	Maintaining our ethics and integrity
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Maintaining our ethics and integrity
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Maintaining our ethics and integrity
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	Maintaining our ethics and integrity

Indicators		Section
B. Social		
Community		
Aspect B8: Community investment	General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Support
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Support
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Support

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 2022, 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 project development officer of the Manager) and Ms. TANG Hiu Tung, Daisy (deputy chief corporate development officer 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 interest of the 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 of the Manager in the year ended 31 December 2022 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 (passed away on 28 August 2022), Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. YIN Ke (appointed with effect from 12 May 2022) and Mr. WU Ting Yuk, Anthony (appointed with effect from 2 November 2022) (independent non-executive directors).

CORPORATE GOVERNANCE

BOARD'S ROLE IN CULTURE

Hui Xian REIT owns and operates a portfolio of quality real estate assets (office, retail, serviced apartment and hotel sectors) in mainland China.

The Board sets the goals (purpose, values and strategy) to promote culture of Hui Xian REIT that emphasis on health and safety, integrity, effective communication and value diversity and competitiveness across all operation levels.

Our culture is embedded in our policies and day-to-day operations. For example, our anti-corruption policy and whistleblowing policy uphold high standards of ethics and integrity while unitholders' communication policy facilitates effective communications with unitholders and potential investors. Our board diversity policy also embraces different gender, age, cultural and educational, as well as ethnicity background to achieve higher productivity and profitability. We also develop regular staff training and development programme to uplift their competitiveness in this ever-changing environment. The Board regularly reviews and monitors the achievement of goals.

BOARD COMPOSITION

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

Save as the following, there were no changes to the composition of the Board or any of its committees during the year ended 31 December 2022:

(1) Mr. YIN Ke was appointed as an INED and a member of the Audit Committee with effect from 12 May 2022, and chairman of the Audit Committee with effect from 19 September 2022.

(2) The Nomination Committee was established on 1 August 2022. Mr. KAM Hing Lam, Mr. YIN Ke and Professor LEE Chack Fan were appointed as members, with Mr. KAM Hing Lam acting as chairman.

(3) Mr. CHENG Hoi Chuen, Vincent passed away on 28 August 2022.

(4) Mr. WU Ting Yuk, Anthony was appointed as an INED and member of the Audit Committee with effect from 2 November 2022.

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 annually 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 2022. 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 (passed away on 28 August 2022)	3/3
Professor LEE Chack Fan	4/4
Dr. CHOI Koon Shum, Jonathan	4/4
Mr. YIN Ke (appointed with effect from 12 May 2022)	3/3
Mr. WU Ting Yuk, Anthony (appointed with effect from 2 November 2022)	1/1

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. Four 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 four 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. During the year ended 31 December 2022, the Audit Committee was chaired by an INED, namely Mr. CHENG Hoi Chuen, Vincent (passed away on 28 August 2022) and Mr. YIN Ke (appointed as a member with effect from 12 May 2022 and as chairman with effect from 19 September 2022). The other members of the Audit Committee were Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. WU Ting Yuk, Anthony (appointed with effect from 2 November 2022) (all INEDs) and Mr. IP Tak Chuen, Edmond (non-executive director).

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 2022 to, among others, consider and review the annual results for the year ended 31 December 2021, the interim results for the six months ended 30 June 2022, 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. YIN Ke (Chairman) (appointed as Chairman with effect from 19 September 2022) (appointed as member with effect from 12 May 2022)	1/1
Mr. CHENG Hoi Chuen, Vincent (Chairman) (passed away on 28 August 2022)	2/2
Professor LEE Chack Fan	2/2
Dr. CHOI Koon Shum, Jonathan	1/2
Mr. IP Tak Chuen, Edmond	2/2
Mr. WU Ting Yuk, Anthony (appointed with effect from 2 November 2022)	N/A

Nomination Committee

The Nomination Committee (established on 1 August 2022) comprises the Chairman of the Board (who is also the chairman of the Nomination Committee) and two INEDs. It is responsible for establishing nomination procedures and the process and criteria to identify, select and recommend candidates for directorship of the Manager. During the year ended 31 December 2022, the members of the Nomination Committee were Mr. KAM Hing Lam, Professor LEE Chack Fan and Mr. YIN Ke. Mr. KAM Hing Lam was the chairman of the Nomination Committee.

The Nomination Committee's responsibilities include:

(1) reviewing the structure, size, diversity profile and skills matrix of the Board and meet at least once annually and making recommendation on any proposed changes to the Board to complement the Board to achieve the Manager's corporate strategy;

(2) selecting or making recommendation to the Board on the selection of individuals to be nominated as Directors;

(3) assessing the independence of INEDs having regard to the criteria under the Listing Rules;

(4) making recommendation to the Board on the appointment, removal or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO; and

(5) reviewing the Director Nomination Policy and the Board Diversity Policy of the Manager periodically and making recommendation on any proposed revision to the Board.

The Nomination Committee did not hold any physical meeting in 2022.

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 2022, 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 2022 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)	2/2
Mr. IP Tak Chuen, Edmond	2/2
Professor LEE Chack Fan	2/2

Designated (Finance) Committee

The Designated (Finance) Committee comprises the chief executive officer and two non-executive directors, one of whom is an INED. During the year ended 31 December 2022, the members of the Designated (Finance) Committee were Mr. IP Tak Chuen, Edmond, Mr. CHEUNG Ling Fung, Tom and Dr. CHOI Koon Shum, Jonathan. Mr. IP Tak Chuen, Edmond was the chairman of the Designated (Finance) Committee.

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

The Designated (Finance) Committee did not hold any physical meeting in 2022.

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 2022, the Manager is indirectly owned as to 70% by CKAH and 30% by ARA Asset Management Limited (a wholly-owned subsidiary of ESR Group Limited) ("ARA"). To the best of the Manager's knowledge, CKAH 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, pub operation and investment in infrastructure and utility asset operation; 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, and 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 subsequently resigned as a director of ARA with effect from 20 January 2022. Mr. LIM Hwee Chiang 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 2022 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 (passed away on 28 August 2022)	1/1
Professor LEE Chack Fan	1/1
Dr. CHOI Koon Shum, Jonathan	0/1
Mr. YIN Ke (appointed with effect from 12 May 2022)	1/1
Mr. WU Ting Yuk, Anthony (appointed with effect from 2 November 2022)	N/A

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 three 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 2022 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 149 to 154 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 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 and Chapter 14A of the Listing Rules 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 2022.

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 73 to 77 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) Professor LEE Chack Fan has been appointed as an independent non-executive Director of Morris Home Holdings Limited with effect from 9 November 2022.

COMPLIANCE WITH THE COMPLIANCE MANUAL

During the year ended 31 December 2022, 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 2022 has been reviewed by the Audit Committee and the Disclosures Committee.

NEW UNITS ISSUED

In the year ended 31 December 2022, (i) an aggregate of 93,489,553 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 7,754,532 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 2021 to 31 December 2021.

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 2022.

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 2022.

INTERNAL CONTROL AND RISK MANAGEMENT

BACKGROUND

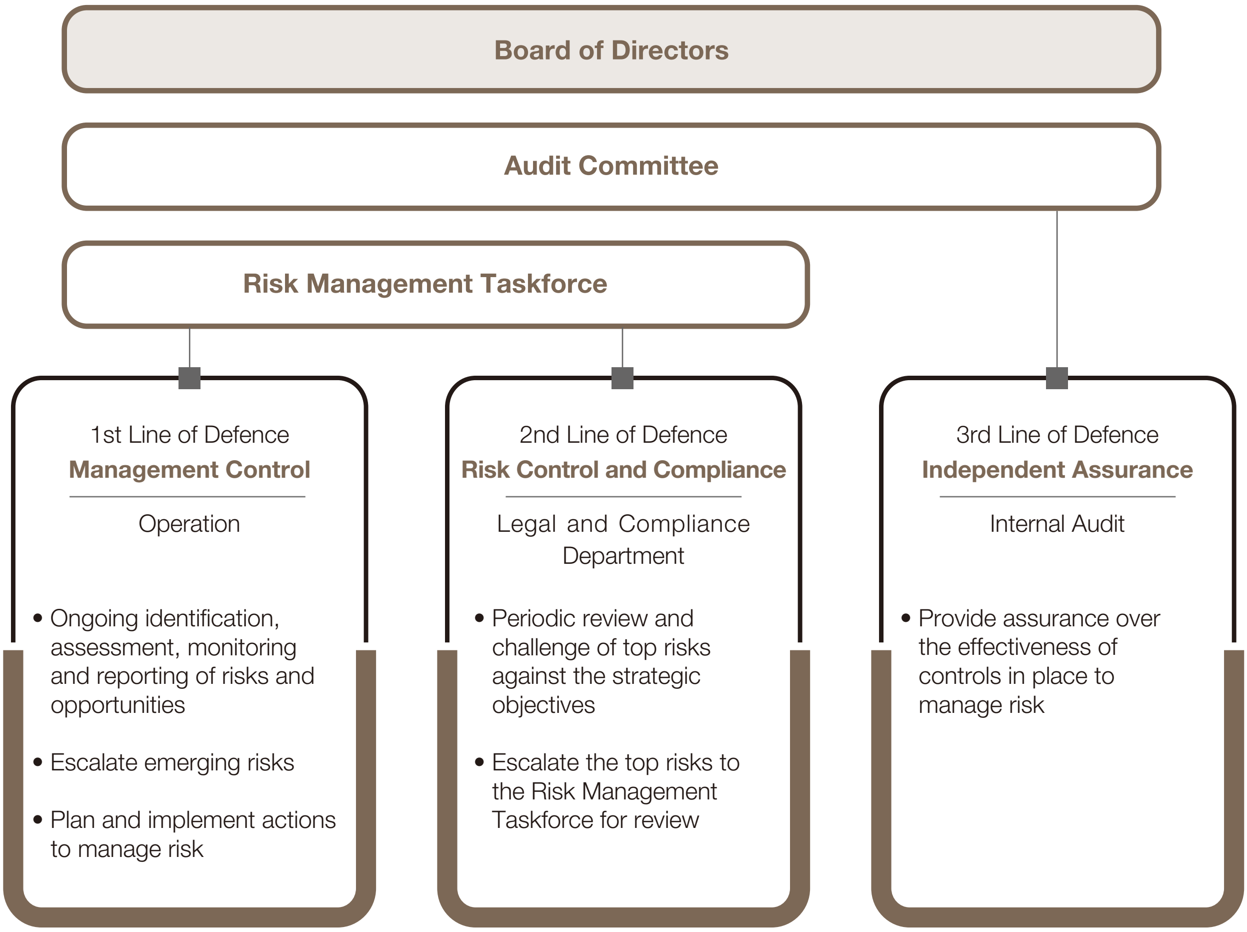
To maintain good corporate governance, Hui Xian REIT implements a structured risk management framework to identify, assess and manage operational risks at an earlier stage. Throughout the Reporting Period, Hui Xian REIT has materially complied with the relevant provisions of the Corporate Governance 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 Operational Department
2nd Line of Defence	:	Risk Control and Compliance by Legal and Compliance Department
3rd Line of Defence	:	Independent Assurance by Internal Audit Department



INTERNAL CONTROL AND RISK MANAGEMENT

ROLES AND RESPONSIBILITIES

Board of Directors

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

Audit Committee

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

Risk Management Taskforce

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

ANNUAL REVIEW OF THE ENTERPRISE RISK MANAGEMENT SYSTEM

Enterprise Risk Assessment Methodology

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

Ongoing communication, monitoring and review

INTERNAL CONTROL

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

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

Six audit reviews were conducted in the year ended 31 December 2022. 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 for further improvement on internal control framework were all implemented.

CONNECTED PARTY TRANSACTIONS

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 applied, modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted and 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 2022 following the REIT Code amendments in December 2020, 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 2022, other than those transactions that are exempted from disclosure and/or excluded pursuant to the waivers granted by the SFC and/or Hong Kong Listing Rules.

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 2022:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2022 RMB'000
CK Asset Holdings Limited	Indirect holding company of a substantial holder[1]	Leasing and licensing transaction	100
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associate of a substantial holder[1]	Leasing and licensing transaction	1,635
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associate of a substantial holder[1]	Leasing and licensing transaction	2,058
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associate of a substantial holder[1]	Leasing and licensing transaction	72

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2022 RMB'000
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associate of a substantial holder[1]	Hotel room revenue	4
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd.*)	Connected subsidiary	Interest income	2,404
Total			**6,273**

Note:

1 Substantial holder being Noblecrown Investment Limited ("Noblecrown").

The terms "associate", "substantial holder" and "connected subsidiary" have the same meanings as they are defined under the REIT Code and the Hong Kong Listing Rules.

* The English name is shown for identification purpose only.

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 2022:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for year ended 31 December 2022 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associate of a substantial holder[1]	Property management fee	21,820
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associate of a substantial holder[1]	Property management fee	23,526
家利物業管理 (深圳) 有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associate of a substantial holder[1]	Property management fee	16,715
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	59,752
Total			**121,813**

Note:

1. Substantial holder being Noblecrown Investment Limited ("Noblecrown").

The terms "associate" and "substantial holder" have the same meanings as they are defined under the REIT Code and the Hong Kong Listing Rules.

* The English name is shown for identification purpose only.

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 2022 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.

CONNECTED PARTY TRANSACTIONS

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 (Revised) "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 fee, property manager's fee, hotel room revenue and financial interest income disclosed by Hui Xian REIT on pages 67 to 69 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 and the Trustee

Pursuant to 8.7E of the REIT Code, services provided by the Manager and the Trustee 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 2022 were RMB3,411,000 and RMB116,641,000 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 2022 on pages 165 to 166 of this Annual Report.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 31 December 2022, 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:

Name	No. of Units held	As at 31 December 2022 Percentage of Units held[1]
Subsidiaries of CK Asset Holdings Limited ("CKAH")[2]	2,088,802,430	33.53%
Subsidiaries of China Life Insurance (Group) Company[3]	865,406,000	13.89%

Notes:

The terms associate, connected person, subsidiary and substantial holder are as defined in the REIT Code or the Hong Kong Listing Rules.

1. Based on the total number of 6,230,359,272 Units in issue as at 31 December 2022.

2. These subsidiaries of CKAH were Noblecrown Investment Limited ("Noblecrown") (held 1,091,083,328 Units as at 31 December 2022), Wisdom Ally Limited ("Wisdom Ally") (held 277,042,723 Units as at 31 December 2022), Wealth Finder Limited ("Wealth Finder") (held 87,907,917 Units as at 31 December 2022), Heathcliff Developments Limited ("Heathcliff Developments") (held 586,884,405 Units as at 31 December 2022) and Hui Xian Asset Management Limited ("Manager") (held 45,884,057 Units as at 31 December 2022). All these companies were associates of the Manager which is a connected person 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) as at 31 December 2022, 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;

   (ii) as at 31 December 2022, 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

   (iii) as at 31 December 2022, 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.

3. The subsidiaries were China Life Insurance (Overseas) Co. Ltd and Po Lian Enterprises Limited which were substantial holders or deemed to be substantial holders of Hui Xian REIT.

DISCLOSURE OF INTERESTS

Interests of the Manager

As at 31 December 2022, the Manager held 45,884,057 Units in Hui Xian REIT.

Interests of the Directors and Chief Executive of the Manager

As at 31 December 2022, each of the following persons was a director and chief executive of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and/or the Hong Kong Listing Rules, 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 2022 Number of Units held
KAM Hing Lam	841,316[1]
IP Tak Chuen, Edmond	1,100,000[2]
CHEUNG Ling Fung, Tom	104,475[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 2022.

DIRECTORS' BIOGRAPHICAL INFORMATION

KAM Hing Lam, aged 76, 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.

In addition to the Chairmanship positions at Hui Xian Asset Management Limited and Beijing Oriental Plaza Co., Ltd., Mr. KAM has Board positions in a few listed companies of the CK Group, including Deputy Managing Director of CK Asset Holdings Limited, Deputy Managing Director of CK Hutchison Holdings Limited, founding Group Managing Director of CK Infrastructure Holdings Limited and founding President of CK Life Sciences Int'l., (Holdings) Inc.

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 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, Chengdu and Shenyang.

Mr. KAM is an Honourable Citizen of Shenyang, Jiangmen, Foshan and Nanhai.

Mr. KAM's major community involvements including Honorary Advisor of the Belt & Road Summit of Hong Kong Trade Development Council and Council Member of Hong Kong Beijing Association, Council Member of The Hong Kong Management Association, Council Member of Hong Kong & Macau AustCham, Appointed Member of the New Zealand Business Advisory Board, a Governor to the Governor's Council of the Hong Kong Canadian Chamber of Commerce.

CHEUNG Ling Fung, Tom, aged 56, 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 30 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 60, currently the Executive Director, the Chief Operating Officer and a Responsible Officer of Hui Xian Asset Management Limited (the "Manager"). 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 the Manager 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 55, 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 33 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 70, is a Non-executive Director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT. Mr. IP is Deputy Managing Director of CK Hutchison Holdings Limited, as well as Deputy Managing Director, an Executive Director, Chairman of Sustainability Committee and an Executive Committee Member of CK Asset Holdings Limited. He is also an Executive Director, Deputy Chairman and Chairman of Sustainability Committee of CK Infrastructure Holdings Limited, and an Executive Director, Senior Vice President, Chief Investment Officer and Chairman of Sustainability Committee 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 66, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is the Chairman of JL Family Office. He is also the Senior Advisor and Non-executive Director of ESR Group Limited (listed on the Stock Exchange of Hong Kong Limited). He serves as a Non-executive Director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT listed on The Stock Exchange of Hong Kong Limited), 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 Chairman of the Asia Pacific Real Estate Association ("APREA"), and the Consultative Committee to the Department of Real Estate, National University of Singapore. He is also a Patron of the Securities Investors Association of Singapore ("SIAS") and a Council Member of Singapore Chinese Chamber of Commerce and Industry.

Mr. LIM co-founded ARA Asset Management Limited in 2002 and was its Group CEO for 18 years and Deputy Chairman from February 2021 to January 2022.

Mr. LIM has over 40 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2020 and 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, was 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 contributions 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.

LEE Chack Fan, aged 77, 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 and an Independent Non-executive Director of Morris Home Holdings Limited with effect from 9 November 2022. He was an Independent Non-executive Director of South Shore Holdings Limited (formerly known as The 13 Holdings Limited) up to 18 May 2021. Professor LEE was also an Independent Non-executive Director of 8088 Investment Holdings Limited (delisted in 2022 and formerly known as AID Life Science 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 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 65, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is Chairman of the Sun Wah Group, Chairman of Sunwah International Limited, Sunwah Kingsway Capital Holdings Limited (Hong Kong-listed) and Vietnam VinaCapital. He is also Independent Non-executive Director of BOC Hong Kong (Holdings) Limited (Hong Kong-listed) and Bank of China (Hong Kong) Limited. Dr. CHOI has extensive experience in food industry, real estate development, international trade as well as technology and finance related business.

DIRECTORS' BIOGRAPHICAL INFORMATION

Dr. CHOI is a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference of the PRC. He was awarded the Grand Bauhinia Medal, the highest honor in the Hong Kong SAR Award and Recognition System. He also holds a number of public positions including Chairman of the Hong Kong Chinese General Chamber of Commerce in Hong Kong, Chairman of Guangdong-HK-Macao Bay Area Entrepreneurs Union, Chairman of Professional Services Advancement Support Scheme Vetting Committee of Hong Kong SAR Government, Economic Advisor to the President of the Chinese Academy of Sciences, Founding Patron and Senior Advisor to the President of the Academy of Sciences of Hong Kong, Executive Director of the China Overseas Friendship Association, Council Member of the Hong Kong Trade Development Council, Founding Chairman of the Hong Kong-Vietnam Chamber of Commerce, Founding Chairman of the Hong Kong-Korea Business Council, Chairman of the China Hong Kong Israel Technology Cooperation and Promotion Center and Chairman of the US-China Center for Research on Educational Excellence of the Michigan State University. Dr. CHOI is a Court or Council Member of a number of universities including the Fudan University, the Nanjing University and the Hong Kong Polytechnic University.

Dr. CHOI was conferred the Honorary Doctor of Humanities by the Michigan State University in the United States in 2005. 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, Honorary Doctor of Social Sciences by the Lingnan University in Hong Kong in 2011, Honorary Doctor of the Vietnam National University, Hanoi, in 2013, Honorary Doctor of Business Administration by De Montfort University in United Kingdom in 2014, Honorary Doctor of Laws by The University of Alberta in 2015 and Honorary Doctor of Business Administration by Hong Kong Metropolitan University (Formerly the Open University of Hong Kong) in 2020.

YIN Ke, aged 59, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 12 May 2022. He is a director of Beijing Oriental Plaza Co., Ltd. Mr. YIN currently serves as an External Director of Shandong Heavy Industry Group Co., Ltd. and an Independent Non-executive Director of Focus Media Information Technology Co., Ltd., which is listed on the Shenzhen Stock Exchange. Mr. YIN also serves as a Senior Advisor to CPP Investments.

Mr. YIN previously worked as a Secretary to the President of the Shenzhen Stock Exchange. He also served as the Deputy General Manager and an Executive Director of Jun'an Securities Co., Ltd., a Board Director of Guotai Jun'an Securities Co., Ltd., the President and an Executive Director of China United Securities Co., Ltd., a Director and the Deputy Chief Executive Officer of CITIC Capital Holdings Limited, a Non-executive Director of CITIC Dameng Holdings Limited, an Independent Director of CCB Principal Asset Management Co., Ltd., the Chief Executive Officer of CITIC Securities International Limited and an Executive Director and the Vice Chairman of CITIC Pacific Limited. In addition, Mr. YIN served as the Vice Chairman of CITIC Securities Company Limited from 2011 to 2016 and its Executive Director from 2009 to 2017, and a Non-executive Director of CITIC Limited from 2009 to 2014, both of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was a Non-executive Director of Hui Xian Asset Management Limited at the listing of Hui Xian REIT until 2018. Mr. YIN was also a Non-executive Director of Dah Chong Hong Holdings Limited from 2010 to 2012 and from 2018 to 2020, which was delisted from the Stock Exchange in 2020.

Mr. YIN graduated with a bachelor's degree in electrical engineering and a master's degree in economics from Zhejiang University.

WU Ting Yuk, Anthony, aged 68, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 2 November 2022. He is a member of Standing Committee of the Chinese People's Political Consultative Conference National Committee. He is a Fellow of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Institute of Chartered Accountants in England and Wales, and an Honorary Chairman of The Institute of Certified Management Accountants (Australia) Hong Kong Branch. He is also an Honorary Fellow of Hong Kong College of Community Medicine.

Mr. WU was formerly the Chairman of the Hong Kong Hospital Authority, the Chairman of the Bauhinia Foundation Research Centre, a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development, a member of the Task Force on Land Supply of the Hong Kong Special Administrative Region and an Independent Non-executive Director of Fidelity Funds and Agricultural Bank of China Limited. He was a member of the General Committee of the Hong Kong General Chamber of Commerce from 2000 to 2017, served as its Chairman from 2010 to 2012, and is currently a member of its Council.

Mr. WU is the Chief Advisor to MUFG Bank, Ltd. and the Chairman of the China Oxford Scholarship Fund. In addition, Mr. WU is a member of the Public Policy Advisory Committee and an advisor of the National Health Commission of the People's Republic of China, the Principal Advisor to the State Administration of Traditional Chinese Medicine of the People's Republic of China and was a member of the Chinese Medicine Reform and Development Advisory Committee of the People's Republic of China. He is an Honorary Professor of Faculty of Medicine of the Chinese University of Hong Kong and Peking Union Medical College Hospital.

Within the last 3 years, Mr. WU had acted as an Independent Non-executive Director of Guangdong Investment Limited. Mr. WU is currently the Chairman and a Non-executive Director of Clarity Medical Group Holding Limited, an Independent Non-executive Director of Power Assets Holdings Limited, China Resources Medical Holdings Company Limited, China Taiping Insurance Holdings Company Limited, CStone Pharmaceuticals, Venus Medtech (Hangzhou) Inc., Ocumension Therapeutics, and Sing Tao News Corporation Limited. All the aforementioned companies are listed companies.

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. 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 Project Development 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 38 years of experience in banking, finance and mergers & acquisitions. He holds a Master's degree in Management.

TANG Hiu Tung, Daisy is the Deputy Chief Corporate Development Officer and Responsible Officer of the Manager. Ms. TANG has over 20 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 30 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

27 February 2023

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

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

Our Ref: CV/CL/GL/JC/jn/14083/61(1)

Dear Sirs

Valuation of
(1) Various Portions of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The People's Republic of China
(2) Various Portions of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The People's Republic of China
(3) Sheraton Chengdu Lido Hotel, No. 15 Section 1 of Renmin Zhong Road, Chengdu, Sichuan Province, The People's Republic of China
(4) Various Portions of Chongqing, Sofitel Shenyang Lido Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, The People's Republic of China and
(5) Hyatt Regency Liberation Square Chongqing, No. 68 Zourong Road, Yuzhong District, The People's Republic of China

We refer to your recent instructions and have pleasure to enclose herewith our valuation reports for your attention.

Meanwhile, we also enclosed herewith our account of services rendered which we trust you will find in order.

Should you require any further assistance, please feel free to contact us.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
Executive Director
Head of China Valuation & Advisory
clement.leung@hk.knightfrank.com
D +852 2846 9593

Enc

VALUATION REPORT

27 February 2023

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

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

Our Ref: CV/CL/GL/JC/jn/14083/61(1)

Dear Sirs

VALUATION OF VARIOUS PORTIONS OF ORIENTAL PLAZA, NO. 1 EAST CHANG AN AVENUE, DONGCHENG DISTRICT, BEIJING, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the above-mentioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2022 for your accounting purpose.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests, which we would define as intended 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 or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation – Global Standards 2020" issued by the Royal Institution of Surveyors.

VALUATION METHODOLOGY

In the course of our valuation, we have adopted Income Approach, where appropriate, cross-checked by the Market Approach.

Income Approach is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All the things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is usually annual operating income or pre-tax cash flow. The conversion of income into an expression of market value is known as the capitalization process, which is to convert estimated annual income expectancy into an indication of value either by dividing the income estimate by an appropriate yield rate or by multiplying the income estimate by an appropriate factor.

We have valued the properties by capitalization of the net rental income generated in the unexpired land use rights term of the property until 21 April 2049.

For cross-checking purpose, we have made reference to Market Approach, which is the most common valuation approach for valuing property by reference to comparable market transactions or listings of similar properties. The rationale of this approach is to directly relate the market comparable transactions with the property to determine the market value. Adjustments will be applied to the said comparable transactions to adjust for differences between the property and the comparable transactions.

TITLE DOCUMENTS AND ENCUMBRANCES

We have not been provided with copies of extracts of title documents relating to the properties. According to the specific terms of instruction from you, we have assumed in our valuation that the properties have proper legal titles and are freely transferable to local and overseas purchasers without any onerous payments.

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

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by you. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have accepted advice given to us on such matters as tenure, ownership, particulars of occupancy, tenancy information, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the floor areas of the properties and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exterior of the properties and the inspection was carried out by our Charisa Xia in November 2022. No structural survey has been made. We are not, therefore, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. For the purpose of this valuation, we have assumed that the properties have been maintained in satisfactory condition commensurate with their building ages and use.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

REMARKS

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the properties.

Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

We hereby confirm that we have neither present nor prospective interests in Hui Xian REIT, the Company or the properties.

Pursuant to Chapter 6.5 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

We enclose herewith our summary of values and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Reviewed (but not undertaken) by:

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Gary S K Lau *MHKIS MRICS RPS (GP) CESGA*
RICS Registered Valuer
Senior Director, China Valuation & Advisory

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EXECUTIVE SUMMARY

Properties	(1) The Retail Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC (2) The Office Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC (3) The Serviced Apartment Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC (4) The Hotel Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC (5) The Basement Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC
Description	Oriental Plaza is a mixed use commercial complex comprising a shopping mall, 8 blocks of office towers, 4 blocks of serviced apartment towers, a 5-star hotel, car parking spaces and other ancillary facilities.
Site Area	109,924.10 sq m *(Note)* *Note:* The site area of the Oriental Plaza is of 77,594.81 sq m under the relevant State-owned Land Use Rights Certificate as stated below and the planned land use area of the property is of 109,924.10 sq m under the relevant Appendix of Construction Land Use Planning Permit.
Registered Owner	Beijing Oriental Plaza Company Limited (北京東方廣場有限公司) (hereinafter referred to as "BOP")
Gross Floor Area	According to the information provided by BOP, the details of approximate gross floor area are listed as follows:

Property	Approximately Gross Floor Area (sq m)
Retail Portion	132,515
Office Portion	309,768
Serviced Apartment Portion	111,308
Hotel Portion	91,460
Basement Portion	118,431 *(Note 2)*
Total:	**763,482**

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

Lettable Area

According to the information provided by BOP, details of the approximate lettable area are listed as follows:

Property	Approximately Lettable Area (sq m)
Retail Portion	69,536
Office Portion	309,442
Serviced Apartment Portion	108,690
Total:	**487,668**

State-owned Land Use Rights 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)

Date of Valuation

31 December 2022

Valuation Methodology

Income Approach and Market Approach

Market Value in Existing State

Property	Market value in existing state as at 31 December 2022
Retail Portion	RMB11,115,000,000
Office Portion	RMB13,665,000,000
Serviced Apartment Portion	RMB2,629,000,000
Hotel Portion	RMB2,216,000,000
Basement Portion	RMB278,000,000
Total:	**RMB29,903,000,000**

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
1. The retail portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 4 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq m. The retail portion was completed in 2000. The property comprises the retail portion of the Development with a total gross floor area and lettable area of approximately 132,515 sq m and 69,536 sq m respectively. The property is held under land use rights term expiring on 21 April 2049 for composite use.	Portion of the property with a total lettable area of approximately 64,140 sq m has been leased under various tenancies with the last term expiring in October 2030, yielding a total monthly rental of approximately RMB47,870,000 exclusive of management fee. Various advertising spaces of the property are let under various agreements, yielding an average monthly income of approximately RMB290,000 from January 2022 to December 2022. The occupancy rate of the retail portion of the property as at valuation date was about 92.2%.	RMB11,115,000,000 (RENMINBI ELEVEN BILLION ONE HUNDRED FIFTEEN MILLION ONLY)

Notes:

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

2. Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq m, of which about 94,624.10 sq m of land is for construction land use of Oriental Plaza and about 15,300.00 sq m of land is to be resumed for city road use.

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

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

5. According to the information provided by BOP, the total monthly rental income of the property reported are contractual rentals without taking into account turnover rent, if any. The average monthly turnover rent income is approximately RMB470,000 for the period between January 2022 to December 2022.

6. Our analysis of the existing tenancy profile according to the tenancy information provided by BOP is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq m)	% of total
Leased	64,140	92.2
Vacant	5,396	7.8
Total:	**69,536**	**100.0**

Tenancy Commencement Profile (excluding rental income from turnover rent)

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2015	2,394	3.73	154,800	0.32	1	0.36
2016	2,257	3.51	350,604	0.74	1	0.35
2017	4,660	7.27	3,419,200	7.14	5	1.81
2018	3,814	5.95	2,597,170	5.43	9	3.25
2019	4,726	7.37	4,143,785	8.66	16	5.78
2020	13,494	21.04	10,484,808	21.90	68	24.55
2021	17,680	27.56	12,514,558	26.14	81	29.24
2022	15,115	23.57	14,203,702	29.67	96	34.66
Total:	**64,140**	**100.00**	**47,868,627**	**100.00**	**277**	**100.00**

Tenancy Expiry Profile (excluding rental income from turnover rent)

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2022	2,962	4.62	520,015	1.08	9	3.25
2023	15,999	24.94	17,235,729	36.00	95	34.30
2024	17,400	27.14	13,842,594	28.92	81	29.24
2025	14,671	22.87	11,530,367	24.09	67	24.19
2026	3,444	5.37	2,209,920	4.62	10	3.61
2027	4,698	7.32	1,839,049	3.84	11	3.97
2028	2,080	3.24	343,400	0.72	2	0.72
2029	2,741	4.27	305,300	0.64	1	0.36
2030	145	0.23	42,253	0.09	1	0.36
Total:	**64,140**	**100.00**	**47,868,627**	**100.00**	**277**	**100.00**

Tenancy Duration Profile (excluding rental income from turnover rent)

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
Up to 1 Year	919	1.43	199,765	0.42	9	3.25
More than 1 Year and up to 2 Years	6,374	9.94	6,675,293	13.94	43	15.52
More than 2 Years and up to 3 Years	17,063	26.60	18,762,950	39.20	127	45.85
More than 3 Years and up to 4 Years	4,767	7.43	4,571,614	9.55	26	9.39
More than 4 Years and up to 5 Years	12,746	19.87	9,588,099	20.03	46	16.61
More than 5 Years and up to 6 Years	8,968	13.99	6,144,329	12.84	16	5.77
More than 6 Years and up to 7 Years	603	0.94	116,000	0.24	2	0.72
More than 7 Years and up to 8 Years	12,555	19.57	1,768,324	3.69	7	2.53
Over 8 Years	145	0.23	42,253	0.09	1	0.36
Total:	**64,140**	**100.00**	**47,868,627**	**100.00**	**277**	**100.00**

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

(i) the property has a proper legal title;

(ii) all land premium and costs of resettlement and public utilities services have been fully settled;

(iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

(iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
2. The office portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 4 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq m. The office portion was completed in between 2000 and 2001. The property comprises 5 blocks of 12-storey office towers and 3 blocks of 18-storey office towers of the Development with a total gross floor area and lettable area of approximately 309,768 sq m and 309,442 sq m respectively. The property is held under land use rights term expiring on 21 April 2049 for composite use.	Portion of the property with a total lettable area of approximately 266,546 sq m has been leased under various tenancies with the last term expiring in June 2031, yielding a total monthly rental of approximately RMB71,810,000, exclusive of management fee. Portion of the property with a total lettable area of approximately 2,419 sq m has been occupied by the owner for self-use. Various naming rights are let under monthly basis, yielding a total monthly income of approximately RMB280,000. The occupancy rate of the office portion of the property as at valuation date was about 86.9%.	RMB13,665,000,000 (RENMINBI THIRTEEN BILLION SIX HUNDRED SIXTY FIVE MILLION ONLY)

Notes:

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

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

3. Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq m, of which about 94,624.10 sq m of land is for construction land use of Oriental Plaza and about 15,300.00 sq m of land is to be resumed for city road use.

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

5. According to the information provided by BOP, the total monthly rental income of the property reported are contractual rentals without taking into account rent free period, if any.

6. Our analysis of the existing tenancy profile according to the tenancy information provided by BOP is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq m)	% of total
Leased	266,546	86.1
Owner-occupied	2,419	0.8
Vacant	40,477	13.1
Total:	**309,442**	**100.0**

Tenancy Commencement Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2013	853	0.32	268,695	0.37	1	0.25
2014	–	–	–	–	–	–
2015	–	–	–	–	–	–
2016	–	–	–	–	–	–
2017	1,364	0.51	462,641	0.64	2	0.50
2018	13,633	5.11	4,255,893	5.93	18	4.52
2019	11,167	4.19	3,568,421	4.97	17	4.27
2020	95,242	35.73	25,917,554	36.09	90	22.62
2021	68,250	25.61	17,496,813	24.37	128	32.16
2022	76,037	28.53	19,842,845	27.63	142	35.68
Total:	**266,546**	**100.00**	**71,812,862**	**100.00**	**398**	**100.00**

Tenancy Expiry Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2022	11,249	4.22	3,728,625	5.19	29	7.29
2023	42,008	15.76	12,975,858	18.07	115	28.89
2024	58,913	22.10	18,331,020	25.53	89	22.36
2025	46,502	17.45	13,001,357	18.10	98	24.62
2026	35,640	13.37	8,679,145	12.09	23	5.78
2027	8,720	3.27	2,502,107	3.48	11	2.76
2028	40,570	15.22	9,877,933	13.76	22	5.53
2029	460	0.17	34,484	0.05	1	0.25
2030	11,533	4.33	2,407,683	3.35	5	1.26
2031	10,951	4.11	274,650	0.38	5	1.26
Total:	**266,546**	**100.00**	**71,812,862**	**100.00**	**398**	**100.00**

Tenancy Duration Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
Up to 1 Year	8,775	3.29	2,698,578	3.76	23	5.78
More than 1 Year and up to 2 Years	14,616	5.48	4,661,215	6.49	59	14.82
More than 2 Years and up to 3 Years	63,930	23.98	18,655,528	25.98	144	36.18
More than 3 Years and up to 4 Years	31,261	11.73	9,497,441	13.22	45	11.31
More than 4 Years and up to 5 Years	45,080	16.91	13,078,917	18.21	59	14.82
More than 5 Years and up to 6 Years	24,143	9.06	6,383,229	8.89	31	7.79
More than 6 Years and up to 7 Years	24,672	9.26	5,938,543	8.27	12	3.02
More than 7 Years and up to 8 Years	11,212	4.21	2,831,073	3.94	7	1.76
More than 8 Years and up to 9 Years	20,385	7.65	5,289,227	7.37	11	2.76
More than 9 Years and up to 10 Years	22,472	8.43	2,779,111	3.87	7	1.76
Total:	**266,546**	**100.00**	**71,812,862**	**100.00**	**398**	**100.00**

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
3. The serviced apartment portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 4 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq m. The serviced apartment portion was completed in between 2002 and 2004. The property comprises a block of 21-storey apartment towers and 3 blocks of 14-storey apartment towers of the Development with a total gross floor area and lettable area of approximately 111,308 sq m and 108,690 sq m respectively. The property is held under land use rights term expiring on 21 April 2049 for composite use.	Portion of the property with a total lettable area of approximately 82,175 sq m has been leased under various tenancies with the last term expiring in April 2026, yielding a total monthly rental of approximately RMB7,720,000, exclusive of management fee. Portion of the property with a total lettable area of approximately 1,021 sq m has been occupied by the owner for self-use. The occupancy rate of the service apartment portion of the property as at valuation date was about 76.5%.	RMB2,629,000,000 (RENMINBI TWO BILLION SIX HUNDRED TWENTY NINE MILLION ONLY)

Notes:

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

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

3. Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq m, of which about 94,624.10 sq m of land is for construction land use of Oriental Plaza and about 15,300.00 sq m of land is to be resumed for city road use.

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

5. According to the information provided by BOP, the total monthly rental income of the property reported are contractual rentals without taking into account rent free period, if any.

6. Our analysis of the existing tenancy profile according to the tenancy information provided by BOP is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq m)	% of total
Leased	82,175	75.6
Owner-occupied	1,021	0.9
Vacant	25,494	23.5
Total:	**108,690**	**100.0**

Tenancy Commencement Profile

Year	Approximate Leased Lettable Area* (sq m)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2020	795	0.97	77,701	1.01	4	0.62
2021	4,544	5.53	437,579	5.67	31	4.81
2022	76,514	93.11	7,166,456	92.88	606	94.10
2023	322	0.39	33,873	0.44	3	0.47
Total:	**82,175**	**100.00**	**7,715,609**	**100.00**	**644**	**100.00**

Tenancy Expiry Profile

Year	Approximate Leased Lettable Area* (sq m)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2022	1,832	2.23	166,426	2.16	14	2.18
2023	73,727	89.72	6,882,398	89.20	590	91.61
2024	6,354	7.73	641,293	8.31	38	5.90
2025	262	0.32	25,492	0.33	2	0.31
Total:	**82,175**	**100.00**	**7,715,609**	**100.00**	**644**	**100.00**

Tenancy Duration Profile

Year	Approximate Leased Lettable Area* (sq m)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
Up to 1 Year	67,659	82.34	6,277,986	81.37	551	85.56
More than 1 Year and up to 2 Years	11,885	14.46	1,184,071	15.35	79	12.27
Over 2 Years	2,631	3.20	253,552	3.28	14	2.17
Total:	**82,175**	**100.00**	**7,715,609**	**100.00**	**644**	**100.00**

* As at the date of valuation, the total leased lettable area of approximately 82,175 sq m includes an area of approximately 322 sq m for tenancies with lease term not yet commenced and an area of approximately 81,853 sq m for tenancies with lease terms already commenced.

** As at the date of valuation, the total net monthly rental only includes the net monthly rental receivable from tenancies with lease terms already commenced and excluded the net monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB7,680,000 per month.

*** As at the date of valuation, there are 644 tenancies, in which 641 tenancies are with lease terms already commenced and 3 tenancies are with lease term not yet commenced.

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

(i) the property has a proper legal title;

(ii) all land premium and costs of resettlement and public utilities services have been fully settled;

(iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

(iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
4. The hotel portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 4 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq m. The hotel portion was completed in 2001. The property is a 5-star hotel comprises a block of 24-storey towers including four basement levels of the Development with a total gross floor area of approximately 91,460 sq m. The property is held under land use rights term expiring on 21 April 2049 for composite use.	The hotel portion of the property is currently operating under the brand name of Grand Hyatt Beijing.	RMB2,216,000,000 (RENMINBI TWO BILLION TWO HUNDRED SIXTEEN MILLION ONLY)

Notes:

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

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

3. Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq m, of which about 94,624.10 sq m of land is for construction land use of Oriental Plaza and about 15,300.00 sq m of land is to be resumed for city road use.

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
5. The basement portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 4 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq m. The basement portion was completed in 2000. The property comprises the 4-level basement portion of the Development with a total gross floor area of approximately 118,431 sq m, providing approximately 1,800 car parking spaces, including loading and unloading spaces. The property is held under land use rights term expiring on 21 April 2049 for composite use.	Portion of the property is let under various licenses on monthly and/or hourly basis, yielding an average monthly income of approximately RMB1,670,000 from January 2022 to December 2022, exclusive of management fee.	RMB278,000,000 (RENMINBI TWO HUNDRED AND SEVENTY EIGHT MILLION ONLY)

Notes:

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

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

3. Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq m, of which about 94,624.10 sq m of land is for construction land use of Oriental Plaza and about 15,300.00 sq m of land is to be resumed for city road use.

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

Conditions & Caveats

(These Conditions & Caveats form part of our valuation report/letter)

1. VALUATION STANDARDS

Our valuations are prepared in accordance with the HKIS Valuation Standards (2020) published by the Hong Kong Institute of Surveyors ("HKIS"), the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors ("RICS") and/or International Valuation Standards published by International Valuation Standards Council ("IVSC") which entitle us to make assumptions that may upon further investigation, for instance by your legal representative, prove to be inaccurate or untrue. Any exception is clearly stated below and/or in the report.

2. PORTFOLIOS

In valuing the portfolio of properties, unless specifically agreed with you otherwise, we have valued the individual properties separately.

3. TITLE AND ENCUMBRANCES

We have taken reasonable care to investigate the title of the property by obtaining land search records from the Land Registry, and if not available, with reference to the title document or other document of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the property was free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the date of valuation.

In cases where sample land searches or land searches at the Land Registries are not required, we have relied on the title information as provided and assumed that the information is correct as at the date of valuation.

4. DISPOSAL COSTS AND LIABILITIES

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale.

5. SOURCES OF INFORMATION

We have relied on the quoted source of information to a very considerable extent and have not verified the correctness of any information including their translation supplied to us concerning this property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the property or contained on the register of title. We assume that this information is complete and correct.

6. INSPECTION

Where applicable and available, we have carried out external and/or internal inspection of the property. Nevertheless, we have assumed in our valuation that the property was in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the date of valuation, unless otherwise stated.

7. IDENTITY OF PROPERTY TO BE VALUED

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

8. BOUNDARIES

Plans accompanying this report are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with the information given to us and/or our understanding of the boundaries.

9. PROPERTY INSURANCE

We have valued the property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

10. AREAS AND AGE

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. The plans in this report are included to assist the reader to visualise the property and we assume no responsibility for their accuracy.

Where the age of the building is estimated, this is for reference only.

11. STRUCTURAL AND SERVICES CONDITION

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the property. Our valuation has therefore been undertaken on the basis that the property was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

12. GROUND CONDITION

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

13. ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

14. LEASES

Reliance must not be placed on our interpretation of leases without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

15. LOAN SECURITY

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

16. BUILD COST INFORMATION

We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at reliance upon the build cost and other relevant information prepared by a suitably qualified construction cost professional supplied to us by you. In their absence, we would have to rely on the published build cost information that might present severe limitations on the accuracy. Henceforth, the reliance that can be placed upon our advice is severely restricted.

17. COMPARABLE EVIDENCE

Where comparable evidence information is included in our report, they are only referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected the comparable properties.

18. VALUATION BASES

Unless otherwise specifically agreed, the value advised by us shall be the market value as at the date of valuation.

We have assumed that the property valued has been constructed or to be constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirements and notices, except only where otherwise stated. We have further assumed that, for any use of the property upon which the report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been obtained, except only where stated otherwise.

18.1 Market Value is defined as:

Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "RICS Valuation – Global Standards" issued by RICS as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Valuations are, however, undertaken for a variety of purposes, including sale, purchase, letting, mortgage, rating, compulsory purchase, insurance, probate and other tax purposes. Sometimes, a basis of valuation other than "market value" will be required as, for example, when assessing for insurance purposes. However, unless agreed otherwise, our valuation figure will represent our opinion of the asset or liability's market value as defined above.

18.2 Market Rent is defined as:

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

18.3 Value for Sale under Repossession

The action of regaining possession especially the seizure of collateral securing a loan that is in default refers to the price that might reasonably be expected to realize within a defined period of time (the period shall be agreed upon between Lender and Valuer) from the sale of a real property in the market under repossession by the lender or receiver, on an "as is" basis, taking into account the unique quality of the real property and the existence of any specific demand as well as factors which might adversely affect the marketability of the real property due to market perception of increased risk or stigma, justified or otherwise. The increased risk or stigma would include but not limiting to the need for substantial renovation or repair, the need for abortive expenses and the need for completion in a short period of time.

18.4 Building Insurance Replacement Cost

The building insurance replacement cost is defined as the estimated cost of erecting the same real property or a modern substitute real property having the same areas as the existing one at the relevant date, which includes fees, finance costs and other associated expenses directly related to the construction of the real property. Coverage for loss of rent and other disturbances are not included.

The building insurance replacement cost is to be covered by the insurance policy against losses due to structural damage caused directly by the out-break of fire and do not include any consequential loss or liabilities to third parties as a result of fire.

In estimating the building insurance cost of the Property, we have made reference to the building cost index published by a reputable quantity surveyor firm. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors in Hong Kong should be consulted in order to assess an accurate building insurance replacement cost.

19. LIMITATIONS ON LIABILITY AND DISCLOSURE

19.1 This report/letter is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressed shall not disclose the report to any other person. Neither the whole, or any part of this report/letter and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

19.2 In accordance with our standard practice, we must state that this report/letter and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report/letter.

19.3 No claim arising out of or in connection with this agreement may be brought against any member, employee, shareholder or consultant of Knight Frank. Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Knight Frank.

19.4 Knight Frank will not be liable in respect of any of the following:

(a) for any services outside the scope of the services agreed to be performed by Knight Frank;

(b) to any third party; or

(c) any indirect or consequential losses (such as loss of profits).

19.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.

19.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to HKD50 million, unless otherwise stated in the valuation report. This limit applies to each and every transaction and retainer and any subsequent work that Knight Frank undertakes for you.

Conversion factors used in this report are:
1 square meter = 10.764 square feet and
1 meter = 3.2808 feet

27 February 2023

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

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

Our Ref: CV/CL/GL/JC/jn/14083/61(2)

Dear Sirs

VALUATION OF VARIOUS PORTIONS OF METROPOLITAN ORIENTAL PLAZA, NO. 68 ZOURONG ROAD, YUZHONG DISTRICT, CHONGQING, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the above-mentioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2022 for your accounting purpose.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests, which we would define as intended 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 or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation – Global Standards 2020" issued by the Royal Institution of Surveyors.

VALUATION METHODOLOGY

In the course of our valuation, we have adopted Income Approach, where appropriate, cross-checked by the Market Approach.

Income Approach is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All the things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is usually annual operating income or pre-tax cash flow. The conversion of income into an expression of market value is known as the capitalization process, which is to convert estimated annual income expectancy into an indication of value either by dividing the income estimate by an appropriate yield rate or by multiplying the income estimate by an appropriate factor.

For cross-checking purpose, we have referenced to Market Approach, which is the most common valuation approach for valuing property by reference to comparable market transactions or listings of similar properties. The rationale of this approach is to directly relate the market comparable transactions with the property to determine the market value. Adjustments will be applied to the said comparable transactions to adjust for differences between the property and the comparable transactions.

TITLE DOCUMENTS AND ENCUMBRANCES

We have not been provided with copies of extracts of title documents relating to the properties. According to the specific terms of instruction from you, we have assumed in our valuation that the properties have proper legal titles and are freely transferable to local and overseas purchasers without any onerous payments.

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

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by you. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have accepted advice given to us on such matters as tenure, ownership, development schemes, incurred and budgeted renovation costs, particulars of occupancy, tenancy information, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the floor areas of the properties and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exterior of the properties and the inspection was carried out by our Tara Luo in October 2022. No structural survey has been made. We are not, therefore, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. For the purpose of this valuation, we have assumed that the properties have been maintained in satisfactory condition commensurate with their building ages and use.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

REMARKS

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the properties.

Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

We hereby confirm that we have neither present nor prospective interests in Hui Xian REIT, the Company or the properties.

Pursuant to Chapter 6.5 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

We enclose herewith our summary of values and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Reviewed (but not undertaken) by:

Gary S K Lau *MHKIS MRICS RPS (GP) CESGA*
RICS Registered Valuer
Senior Director, China Valuation & Advisory

Enc

EXECUTIVE SUMMARY

Properties	(1) The Retail Portion of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The PRC (2) The Office Portion of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The PRC (3) The Basement Portion of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The PRC
Description	Metropolitan Oriental Plaza (the "Development") is a large-scale commercial development. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and basement level 2 of the Development. The properties comprise the retail portion, office portion and basement portion of the Development. The retail portion of the Development comprises 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 whilst the basement portion is located at portion of basement Level 1 and whole basement level 2 of the Development.
Site Area	18,072.70 sq m
Registered Owner	Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) (the "Owner")
Gross Floor Area	According to the information provided, the details of approximate gross floor area are listed as follows:

Portion	Approximate Gross Floor Area (sq m)
Retail Portion	88,299.81
Office Portion	54,617.37
Basement Portion	21,442.65
Total:	**164,359.83**

Lettable Area

According to the information provided, the details of approximate lettable area of the retail and office portions are listed as follows:

Portion	Approximate Lettable Area (sq m)
Retail Portion	57,356
Office Portion	50,505
Total:	**107,861**

Real Estate Title Certificates

101 Fang Di Zheng 2015 Zi Di 24819 (101房地証2015字第24819號)

101 Fang Di Zheng 2015 Zi Di 24971 (101房地証2015字第24971號)

Date of Valuation

31 December 2022

Valuation Methodology

Income Approach and Market Approach

Market Value in Existing State

Property	Market value in existing state as at 31 December 2022
Retail Portion	RMB2,049,000,000
Office Portion	RMB750,000,000
Basement Portion	RMB41,000,000
Total:	**RMB2,840,000,000**

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
1. The retail portion of Metropolitan Oriental Plaza No. 68 Zourong Road Yuzhong District Chongqing The PRC	Metropolitan Oriental Plaza (the Development") is a large-scale commercial development erected on a parcel of land with a site area of approximately 18,073 sq m. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and whole basement level 2 of the Development. The retail and basement portion of the Development was completed in 1997 while the remaining portions of the Development were completed in 1998. The property comprises the retail portion of the Development. It includes levels 1 to 8, a mezzanine floor between levels 7 and 8, level LG and portion of basement level 1 with a total gross floor area and a total lettable area of approximately 88,299.81 sq m and 57,356 sq m respectively. The property is held under land use rights term expiring on 30 August 2044 for composite use.	Portion of the property with a total lettable area of approximately 22,647 sq m has been leased under various tenancies with the last term expiring in December 2035, yielding a total monthly rental of approximately RMB1,500,000, inclusive of management fee. Portion of the property with a total lettable area of 3,635 sq m is occupied by the Company for projects. The occupancy rate of the retail portion of the property as at valuation date was about 45.8%.	RMB2,049,000,000 (RENMINBI TWO BILLION FORTY NINE MILLION ONLY)

Notes:

1. Pursuant to the Real Estate Title Certificate No. 101 Fang Di Zheng 2015 Zi Di 24971 (101房地證2015字第24971號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 11 December 2015, the title to the shopping mall of Metropolitan Oriental Plaza with a total gross floor area of 109,742.46 sq m and erected on a plot of land with a site area of 18,072.70 sq m is vested in Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) for a land use term expiring on 30 August 2044 for commercial use.

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

3. According to the information provided by the Company, the total monthly rental income of the property reported are contractual rentals without taking into account turnover rent and other incomes, if any. According to the information provided, the average monthly turnover rent is approximately RMB90,000 for the period between January 2022 and December 2022 and the average monthly other income is approximately RMB530,000 for the period between January 2022 and December 2022.

4. Our analysis of the existing tenancy profile according to the tenancy information provided by the Company is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq m)	% of total
Leased	22,647	39.5
Owner-occupied	3,635	6.3
Vacant	31,074	54.2
Total:	**57,356**	**100.0**

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

Year	Approximate Leased Lettable Area* (sq m)	% of total	Gross Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2017	349	1.54	121,689	8.13	6	8.82
2018	6,884	30.40	280,645	18.75	11	16.18
2019	1,739	7.68	167,617	11.20	8	11.76
2020	1,381	6.10	529,168	35.35	10	14.71
2021	5,777	25.50	300,782	20.09	11	16.18
2022	6,234	27.53	96,992	6.48	21	30.88
2023	283	1.25	–	–	1	1.47
Total:	**22,647**	**100.00**	**1,496,893**	**100.00**	**68**	**100.00**

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

Year	Approximate Leased Lettable Area* (sq m)	% of total	Gross Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2022	734	3.24	32,073	2.14	7	10.30
2023	8,524	37.64	400,115	26.73	40	58.82
2024	3,730	16.47	337,014	22.51	11	16.18
2025	1,902	8.40	412,681	27.57	6	8.82
2026	3,450	15.23	119,190	7.97	3	4.41
2035	4,306	19.02	195,820	13.08	1	1.47
Total:	**22,647**	**100.00**	**1,496,893**	**100.00**	**68**	**100.00**

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

Year	Approximate Leased Lettable Area* (sq m)	% of total	Gross Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
Up to 1 Year	4,875	21.53	52,846	3.53	16	23.53
More than 1 Year and up to 2 Years	536	2.37	17,010	1.14	7	10.29
More than 2 Years and up to 3 Years	1,970	8.70	108,238	7.23	9	13.24
More than 3 Years and up to 4 Years	1,231	5.44	170,475	11.39	9	13.24
More than 4 Years and up to 5 Years	4,432	19.57	274,513	18.34	12	17.65
More than 5 Years and up to 6 Years	1,791	7.90	595,189	39.67	11	16.17
More than 6 Years and up to 7 Years	916	4.04	2,801	0.19	2	2.94
More than 7 Years	6,896	30.45	275,821	18.42	2	2.94
Total:	**22,647**	**100.00**	**1,496,893**	**100.00**	**68**	**100.00**

* As at the date of valuation, the total leased lettable area of approximately 22,647 sq m includes an area of approximately 283 sq m for tenancies with lease term not yet commenced and an area of approximately 22,364 sq m for tenancies with lease terms already commenced.

** As at the date of valuation, the total net monthly rental only includes the net monthly rental receivable from tenancies with lease terms already commenced and excluded the net monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB1,500,000 per month.

*** As at the date of valuation, there are 68 tenancies, in which 67 tenancies are with lease terms already commenced and 1 tenancy is with lease term not yet commenced.

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

(i) the property has a proper legal title;

(ii) all land premium and costs of resettlement and public utilities services have been fully settled;

(iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

(iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
2. The office portion of Metropolitan Oriental Plaza No. 68 Zourong Road Yuzhong District Chongqing The PRC	Metropolitan Oriental Plaza (the Development") is a large-scale commercial development erected on a parcel of land with a site area of approximately 18,073 sq m. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and whole basement level 2 of the Development. The retail and basement portion of the Development was completed in 1997 while the remaining portions of the Development were completed in 1998. The property comprises the 37-level office tower of the Development with a total gross floor area and a total lettable gross floor area of approximately 54,617 sq m and 50,505 sq m respectively. The property is held under a land use rights term expiring on 30 August 2044 for composite use.	Portion of the property with a total lettable area of approximately 37,021 sq m has been leased under various tenancies with the last term expiring in August 2027, yielding a total monthly rental of approximately RMB3,480,000, inclusive of management fee. Portion of the property with a total lettable area of 1,743 sq m is occupied by the Company for projects. The occupancy rate of the office portion of the property as at valuation date was about 76.8%.	RMB750,000,000 (RENMINBI SEVEN HUNDRED FIFTY MILLION ONLY)

Notes:

1. Pursuant to the Real Estate Title Certificate No. 101 Fang Di Zheng 2015 Zi Di 24819 (101房地證2015字第24819號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 11 December 2015, the title to the office building of Metropolitan Oriental Plaza with a total gross floor area of 54,617.37 sq m and erected on a plot of land with a site area of 18,072.70 sq m is vested in Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) for a land use term expiring on 30 August 2044 for commercial use.

2. In accordance with standard terms and conditions of the tenancy agreements, the landlord is responsible for the repair of main building structure and the central air-conditioning system and the tenant is responsible for the maintenance of internal decorations and various equipment of the property.

3. According to the information provided by the Company, the total monthly rental income of the property reported are contractual rentals without taking into account other incomes, if any. According to the information provided, the average monthly other income is approximately RMB1,200,000 for the period between January 2022 and December 2022.

4. Our analysis of the existing tenancy profile according to the tenancy information provided by the Company is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq m)	% of total
Leased	37,021	73.3
Owner-occupied	1,743	3.5
Vacant	11,741	23.2
Total:	**50,505**	**100.0**

Tenancy Commencement Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Gross Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2016	2,969	8.02	284,313	8.17	7	5.26
2017	2,798	7.56	335,484	9.64	10	7.52
2018	4,991	13.48	508,037	14.59	20	15.04
2019	10,372	28.02	1,022,922	29.39	28	21.05
2020	2,400	6.48	235,344	6.76	12	9.02
2021	5,695	15.38	486,278	13.97	17	12.78
2022	7,796	21.06	608,609	17.48	39	29.33
Total:	**37,021**	**100.00**	**3,480,987**	**100.00**	**133**	**100.00**

Tenancy Expiry Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Gross Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2022	655	1.77	53,453	1.54	4	3.01
2023	9,362	25.29	954,242	27.41	38	28.57
2024	12,400	33.49	1,115,394	32.04	51	38.35
2025	13,598	36.73	1,266,975	36.40	36	27.07
2026	381	1.03	29,076	0.83	2	1.50
2027	625	1.69	61,847	1.78	2	1.50
Total:	**37,021**	**100.00**	**3,480,987**	**100.00**	**133**	**100.00**

Tenancy Duration Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Gross Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
Up to 1 Year	269	0.73	16,904	0.49	4	3.01
More than 1 Year and up to 2 Years	1,634	4.41	134,575	3.87	12	9.02
More than 2 Years and up to 3 Years	8,927	24.12	696,486	20.01	33	24.81
More than 3 Years and up to 4 Years	5,702	15.40	575,243	16.52	21	15.79
More than 4 Years and up to 5 Years	2,194	5.93	210,037	6.03	11	8.27
More than 5 Years and up to 6 Years	9,223	24.91	863,662	24.81	23	17.29
More than 6 Years and up to 7 Years	4,539	12.26	537,225	15.43	17	12.78
More than 7 Years and up to 8 Years	2,000	5.40	227,713	6.54	6	4.51
More than 8 Years and up to 9 Years	626	1.69	69,516	2.00	2	1.51
More than 9 Years and up to 10 Years	1,907	5.15	149,626	4.30	4	3.01
Total:	**37,021**	**100.00**	**3,480,987**	**100.00**	**133**	**100.00**

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

(i) the property has a proper legal title;

(ii) all land premium and costs of resettlement and public utilities services have been fully settled;

(iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

(iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
3. The basement portion of Metropolitan Oriental Plaza No. 68 Zourong Road Yuzhong District Chongqing The PRC	Metropolitan Oriental Plaza (the Development") is a large-scale commercial development erected on a parcel of land with a site area of approximately 18,073 sq m. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and whole basement level 2 of the Development. The retail and basement portion of the Development was completed in 1997 while the remaining portions of the Development were completed in 1998. The property comprises the car park portion on portion of basement level 1 and portion of basement level 2 of the Development with a total of 370 car parking space. The property is held under a land use rights term expiring on 30 August 2044 for composite use.	Portion of the property is let under various licenses on monthly and/or hourly basis yielding an average monthly income of approximately RMB270,000 from January 2022 to December 2022, exclusive of management fee.	RMB41,000,000 (RENMINBI FORTY ONE MILLION ONLY)

Notes:

1. Pursuant to the Real Estate Title Certificate No. 101 Fang Di Zheng 2015 Zi Di 24971 (101房地證2015字第24971號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 11 December 2015, the title to the shopping mall of Metropolitan Oriental Plaza with a total gross floor area of 109,742.46 sq m and erected on a plot of land with a site area of 18,072.70 sq m is vested in Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) for a land use term expiring on 30 August 2044 for commercial use.

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

Conditions & Caveats

(These Conditions & Caveats form part of our valuation report/letter)

1. VALUATION STANDARDS

Our valuations are prepared in accordance with the HKIS Valuation Standards (2020) published by the Hong Kong Institute of Surveyors ("HKIS"), the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors ("RICS") and/or International Valuation Standards published by International Valuation Standards Council ("IVSC") which entitle us to make assumptions that may upon further investigation, for instance by your legal representative, prove to be inaccurate or untrue. Any exception is clearly stated below and/or in the report.

2. PORTFOLIOS

In valuing the portfolio of properties, unless specifically agreed with you otherwise, we have valued the individual properties separately.

3. TITLE AND ENCUMBRANCES

We have taken reasonable care to investigate the title of the property by obtaining land search records from the Land Registry, and if not available, with reference to the title document or other document of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the property was free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the date of valuation.

In cases where sample land searches or land searches at the Land Registries are not required, we have relied on the title information as provided and assumed that the information is correct as at the date of valuation.

4. DISPOSAL COSTS AND LIABILITIES

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale.

5. SOURCES OF INFORMATION

We have relied on the quoted source of information to a very considerable extent and have not verified the correctness of any information including their translation supplied to us concerning this property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the property or contained on the register of title. We assume that this information is complete and correct.

6. INSPECTION

Where applicable and available, we have carried out external and/or internal inspection of the property. Nevertheless, we have assumed in our valuation that the property was in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the date of valuation, unless otherwise stated.

7. IDENTITY OF PROPERTY TO BE VALUED

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

8. BOUNDARIES

Plans accompanying this report are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with the information given to us and/or our understanding of the boundaries.

9. PROPERTY INSURANCE

We have valued the property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

10. AREAS AND AGE

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. The plans in this report are included to assist the reader to visualise the property and we assume no responsibility for their accuracy.

Where the age of the building is estimated, this is for reference only.

11. STRUCTURAL AND SERVICES CONDITION

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the property. Our valuation has therefore been undertaken on the basis that the property was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

12. GROUND CONDITION

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

13. ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

14. LEASES

Reliance must not be placed on our interpretation of leases without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

15. LOAN SECURITY

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

16. BUILD COST INFORMATION

We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at reliance upon the build cost and other relevant information prepared by a suitably qualified construction cost professional supplied to us by you. In their absence, we would have to rely on the published build cost information that might present severe limitations on the accuracy. Henceforth, the reliance that can be placed upon our advice is severely restricted.

17. COMPARABLE EVIDENCE

Where comparable evidence information is included in our report, they are only referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected the comparable properties.

18. VALUATION BASES

Unless otherwise specifically agreed, the value advised by us shall be the market value as at the date of valuation.

We have assumed that the property valued has been constructed or to be constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirements and notices, except only where otherwise stated. We have further assumed that, for any use of the property upon which the report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been obtained, except only where stated otherwise.

18.1 Market Value is defined as:

Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "RICS Valuation – Global Standards" issued by RICS as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Valuations are, however, undertaken for a variety of purposes, including sale, purchase, letting, mortgage, rating, compulsory purchase, insurance, probate and other tax purposes. Sometimes, a basis of valuation other than "market value" will be required as, for example, when assessing for insurance purposes. However, unless agreed otherwise, our valuation figure will represent our opinion of the asset or liability's market value as defined above.

18.2 Market Rent is defined as:

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

18.3 Value for Sale under Repossession

The action of regaining possession especially the seizure of collateral securing a loan that is in default refers to the price that might reasonably be expected to realize within a defined period of time (the period shall be agreed upon between Lender and Valuer) from the sale of a real property in the market under repossession by the lender or receiver, on an "as is" basis, taking into account the unique quality of the real property and the existence of any specific demand as well as factors which might adversely affect the marketability of the real property due to market perception of increased risk or stigma, justified or otherwise. The increased risk or stigma would include but not limiting to the need for substantial renovation or repair, the need for abortive expenses and the need for completion in a short period of time.

18.4 Building Insurance Replacement Cost
The building insurance replacement cost is defined as the estimated cost of erecting the same real property or a modern substitute real property having the same areas as the existing one at the relevant date, which includes fees, finance costs and other associated expenses directly related to the construction of the real property. Coverage for loss of rent and other disturbances are not included.

The building insurance replacement cost is to be covered by the insurance policy against losses due to structural damage caused directly by the out-break of fire and do not include any consequential loss or liabilities to third parties as a result of fire.

In estimating the building insurance cost of the Property, we have made reference to the building cost index published by a reputable quantity surveyor firm. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors in Hong Kong should be consulted in order to assess an accurate building insurance replacement cost.

19. LIMITATIONS ON LIABILITY AND DISCLOSURE

19.1 This report/letter is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressed shall not disclose the report to any other person. Neither the whole, or any part of this report/letter and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

19.2 In accordance with our standard practice, we must state that this report/letter and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report/letter.

19.3 No claim arising out of or in connection with this agreement may be brought against any member, employee, shareholder or consultant of Knight Frank. Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Knight Frank.

19.4 Knight Frank will not be liable in respect of any of the following:
(a) for any services outside the scope of the services agreed to be performed by Knight Frank;
(b) to any third party; or
(c) any indirect or consequential losses (such as loss of profits).

19.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.

19.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to HKD50 million, unless otherwise stated in the valuation report. This limit applies to each and every transaction and retainer and any subsequent work that Knight Frank undertakes for you.

Conversion factors used in this report are:
1 square meter = 10.764 square feet and
1 meter = 3.2808 feet

VALUATION REPORT

27 February 2023

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

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

Our Ref: CV/CL/GL/JC/jn/14083/61(3)

Dear Sirs

VALUATION OF SHERATON CHENGDU LIDO HOTEL, NO. 15 SECTION 1 OF RENMIN ZHONG ROAD, CHENGDU, SICHUAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the above-mentioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 December 2022 for your accounting purpose.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests, which we would define as intended 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 or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation – Global Standards 2020" issued by the Royal Institution of Surveyors.

VALUATION METHODOLOGY

In our course of valuation, we have adopted Income Approach.

We have valued the property under the basis of on-going concern, and we have adopted income approach by making reference to its historical performance of the past years. During the course of the valuation, we have relied on the gross operating profit generated from the hotel operation during corresponding periods and made reference to the require rate of return of similar form of investment.

TITLE DOCUMENTS AND ENCUMBRANCES

We have not been provided with copies of extracts of title documents relating to the property. According to the specific terms of instruction from you, we have assumed in our valuation that the property has proper legal titles and is freely transferable to local and overseas purchasers without any onerous payments.

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

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by you. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have accepted advice given to us on such matters as tenure, ownership, particulars of occupancy, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the floor areas of the property and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exterior of the property and the inspection was carried out by our Wayne Luo in October 2021. No structural survey has been made. We are not, therefore, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services. For the purpose of this valuation, we have assumed that the property has been maintained in satisfactory condition commensurate with their building ages and use.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the property has been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

REMARKS

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the property.

Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

We hereby confirm that we have neither present nor prospective interests in Hui Xian REIT, the Company or the property.

Pursuant to Chapter 6.5 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

We enclose herewith our summary of value and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Reviewed (but not undertaken) by:

Gary S K Lau *MHKIS MRICS RPS (GP) CESGA*
RICS Registered Valuer
Senior Director, China Valuation & Advisory

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EXECUTIVE SUMMARY

Property	Sheraton Chengdu Lido Hotel, No. 15 Section 1 of Renmin Zhong Road, Chengdu, Sichuan Province, the PRC
Description	The property is a 37-storey hotel development including basement levels, which comprising retail shops, hotel rooms and other ancillary facilities.
Site Area	4,614.69 sq m
Registered Owner	Chengdu Changtian Co., Ltd. (成都長天有限公司) (the "Owner")
Gross Floor Area	56,350 sq m
Title Certificates	Cheng Guo Yong (2007) No. 52 (成國用(2007)第52號)
	Cheng Fang Quan Zheng Jian Zheng Zi No. 1613937 (成房權證監證字第1613937號)
Date of Valuation	31 December 2022
Valuation Methodology	Income Approach
Market Value in Existing State	RMB622,000,000

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
Sheraton Chengdu Lido Hotel No. 15 Section 1 of Renmin Zhong Road Chengdu Sichuan Province the PRC	The property is a 37-storey hotel development including basement levels completed in about 2000. The property has a gross floor area of approximately 56,350 sq m. As advised by the Company, the hotel portion is under renovation phase by phase and is estimated to be fully completed in mid-2024. The property is held under land use rights term expiring on 17 January 2049 for composite use.	The property is currently operated as a hotel under the brand name of Sheraton Chengdu Lido Hotel.	RMB622,000,000 (RENMINBI SIX HUNDRED TWENTY TWO MILLION ONLY)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Cheng Guo Yong (2007) No. 52 (成國用(2007)第52號) issued by the People's Government of Chengdu Municipality (成都市人民政府) dated 18 January 2007, the property with a site area of 4,614.69 sq m is vested in Chengdu Changtian Co., Ltd. (成都長天有限公司) for a land use term expiring on 17 January 2049 for composite use.

2. Pursuant to the Building Ownership Certificate Cheng Fang Quan Zheng Jian Zheng Zi No. 1613937 (成房權證監證字第1613937號) dated 30 November 2007, the property with a gross floor area of 56,350 sq m is vested in Chengdu Changtian Co., Ltd..

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

Conditions & Caveats

(These Conditions & Caveats form part of our valuation report/letter)

1. VALUATION STANDARDS

Our valuations are prepared in accordance with the HKIS Valuation Standards (2020) published by the Hong Kong Institute of Surveyors ("HKIS"), the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors ("RICS") and/or International Valuation Standards published by International Valuation Standards Council ("IVSC") which entitle us to make assumptions that may upon further investigation, for instance by your legal representative, prove to be inaccurate or untrue. Any exception is clearly stated below and/or in the report.

2. PORTFOLIOS

In valuing the portfolio of properties, unless specifically agreed with you otherwise, we have valued the individual properties separately.

3. TITLE AND ENCUMBRANCES

We have taken reasonable care to investigate the title of the property by obtaining land search records from the Land Registry, and if not available, with reference to the title document or other document of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the property was free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the date of valuation.

In cases where sample land searches or land searches at the Land Registries are not required, we have relied on the title information as provided and assumed that the information is correct as at the date of valuation.

4. DISPOSAL COSTS AND LIABILITIES

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale.

5. SOURCES OF INFORMATION

We have relied on the quoted source of information to a very considerable extent and have not verified the correctness of any information including their translation supplied to us concerning this property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the property or contained on the register of title. We assume that this information is complete and correct.

6. INSPECTION

Where applicable and available, we have carried out external and/or internal inspection of the property. Nevertheless, we have assumed in our valuation that the property was in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the date of valuation, unless otherwise stated.

7. IDENTITY OF PROPERTY TO BE VALUED

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

8. BOUNDARIES

Plans accompanying this report are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with the information given to us and/or our understanding of the boundaries.

9. PROPERTY INSURANCE

We have valued the property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

10. AREAS AND AGE

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. The plans in this report are included to assist the reader to visualise the property and we assume no responsibility for their accuracy.

Where the age of the building is estimated, this is for reference only.

11. STRUCTURAL AND SERVICES CONDITION

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the property. Our valuation has therefore been undertaken on the basis that the property was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

12. GROUND CONDITION

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

13. ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

14. LEASES

Reliance must not be placed on our interpretation of leases without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

15. LOAN SECURITY

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

16. BUILD COST INFORMATION

We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at reliance upon the build cost and other relevant information prepared by a suitably qualified construction cost professional supplied to us by you. In their absence, we would have to rely on the published build cost information that might present severe limitations on the accuracy. Henceforth, the reliance that can be placed upon our advice is severely restricted.

17. COMPARABLE EVIDENCE

Where comparable evidence information is included in our report, they are only referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected the comparable properties.

18. VALUATION BASES

Unless otherwise specifically agreed, the value advised by us shall be the market value as at the date of valuation.

We have assumed that the property valued has been constructed or to be constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirements and notices, except only where otherwise stated. We have further assumed that, for any use of the property upon which the report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been obtained, except only where stated otherwise.

18.1 Market Value is defined as:
Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "RICS Valuation – Global Standards" issued by RICS as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Valuations are, however, undertaken for a variety of purposes, including sale, purchase, letting, mortgage, rating, compulsory purchase, insurance, probate and other tax purposes. Sometimes, a basis of valuation other than "market value" will be required as, for example, when assessing for insurance purposes. However, unless agreed otherwise, our valuation figure will represent our opinion of the asset or liability's market value as defined above.

18.2 Market Rent is defined as:
The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

18.3 Value for Sale under Repossession
The action of regaining possession especially the seizure of collateral securing a loan that is in default refers to the price that might reasonably be expected to realize within a defined period of time (the period shall be agreed upon between Lender and Valuer) from the sale of a real property in the market under repossession by the lender or receiver, on an "as is" basis, taking into account the unique quality of the real property and the existence of any specific demand as well as factors which might adversely affect the marketability of the real property due to market perception of increased risk or stigma, justified or otherwise. The increased risk or stigma would include but not limiting to the need for substantial renovation or repair, the need for abortive expenses and the need for completion in a short period of time.

18.4 Building Insurance Replacement Cost

The building insurance replacement cost is defined as the estimated cost of erecting the same real property or a modern substitute real property having the same areas as the existing one at the relevant date, which includes fees, finance costs and other associated expenses directly related to the construction of the real property. Coverage for loss of rent and other disturbances are not included.

The building insurance replacement cost is to be covered by the insurance policy against losses due to structural damage caused directly by the out-break of fire and do not include any consequential loss or liabilities to third parties as a result of fire.

In estimating the building insurance cost of the Property, we have made reference to the building cost index published by a reputable quantity surveyor firm. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors in Hong Kong should be consulted in order to assess an accurate building insurance replacement cost.

19. LIMITATIONS ON LIABILITY AND DISCLOSURE

19.1 This report/letter is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressed shall not disclose the report to any other person. Neither the whole, or any part of this report/letter and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

19.2 In accordance with our standard practice, we must state that this report/letter and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report/letter.

19.3 No claim arising out of or in connection with this agreement may be brought against any member, employee, shareholder or consultant of Knight Frank. Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Knight Frank.

19.4 Knight Frank will not be liable in respect of any of the following:

(a) for any services outside the scope of the services agreed to be performed by Knight Frank;

(b) to any third party; or

(c) any indirect or consequential losses (such as loss of profits).

19.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.

19.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to HKD50 million, unless otherwise stated in the valuation report. This limit applies to each and every transaction and retainer and any subsequent work that Knight Frank undertakes for you.

Conversion factors used in this report are:
1 square meter = 10.764 square feet and
1 meter = 3.2808 feet

27 February 2023

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

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

Our Ref: CV/CL/GL/JC/jn/14083/61(4)

Dear Sirs

VALUATION OF VARIOUS PORTIONS OF SOFITEL SHENYANG LIDO NOS. 370 AND 386 QINGNIAN STREET, HEPING DISTRICT, SHENYANG CITY, LIAONING PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the captioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2022 for your accounting purpose.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests, which we would define as intended 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 or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation – Global Standards 2020" issued by the Royal Institution of Surveyors.

VALUATION METHODOLOGY

In our course of valuation, we have adopted Income Approach and cross-checked by the Market Approach.

Income Approach is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All the things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is usually annual operating income or pre-tax cash flow. The conversion of income into an expression of market value is known as the capitalization process, which is to convert estimated annual income expectancy into an indication of value either by dividing the income estimate by an appropriate yield rate or by multiplying the income estimate by an appropriate factor.

For the hotel portion of the property, we have valued the property under the basis of on-going concern, and we have adopted income approach by making reference to its historical performance of the past years. During the course of the valuation, we have relied on the gross operating profit generated from the hotel operation during corresponding periods and made reference to the require rate of return of similar form of investment.

Market Approach is the most common valuation approach for valuing property by reference to comparable market transactions or listings of similar properties. The rationale of this approach is to directly relate the market comparable transactions with the property to determine the market value. Adjustments will be applied to the said comparable transactions to adjust for differences between the property and the comparable transactions.

TITLE DOCUMENTS AND ENCUMBRANCES

We have not been provided with copies of extracts of title documents relating to the properties. According to the specific terms of instruction from you, we have assumed in our valuation that the properties have proper legal titles and are freely transferable to local and overseas purchasers without any onerous payments.

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

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by you. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have accepted advice given to us on such matters as tenure, ownership, particulars of occupancy, tenancy information, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the floor areas of the properties and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exterior of the properties and the inspection was carried out by our Wayne Luo in August 2022. No structural survey has been made. We are not, therefore, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. For the purpose of this valuation, we have assumed that the properties have been maintained in satisfactory condition commensurate with their building ages and use.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

REMARKS

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the properties.

Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

We hereby confirm that we have neither present nor prospective interests in Hui Xian REIT, the Company or the properties.

Pursuant to Chapter 6.5 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

We enclose herewith our summary of values and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Gary S K Lau *MHKIS MRICS RPS (GP) CESGA*
RICS Registered Valuer
Director, China Valuation & Advisory

Reviewed (but not undertaken) by:

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

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VALUATION REPORT

EXECUTIVE SUMMARY

Properties	(1) The Hotel Portion of Sofitel Shenyang Lido, Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, The PRC (2) The Service Apartment Portion of Sofitel Shenyang Lido, Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, The PRC (3) The Staff Quarters Portion, No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, The PRC
Description	Sofitel Shenyang Lido is a 30-storey hotel development including basement levels, which comprising retail shops, hotel rooms, service apartment rooms and other ancillary facilities.
Site Area	The Hotel and Service Apartment Portions: 9,370.00 sq m The Staff Quarters Portion: 375.18 sq m
Registered Owner	Shenyang Lido Business Co., Ltd. (瀋陽麗都商務有限公司) (the "Owner")
Gross Floor Area	According to the information provided by the Company, the details of approximate gross floor area are listed as follows:

Property	Approximately Gross Floor Area (sq m)
Hotel Portion	57,226.22
Service Apartment Portion	21,225.19
Staff Quarters Portion	2,306.92
Total:	**80,758.33**

Usage

The Hotel and Service Apartment Portions:

Level	Uses
Basement 2	Car park and temporary storage
Basement 1	Back of house
L1	Hotel lobby, service apartment lobby, lounge, retail units and open car park
L2	Restaurants, ballrooms and function rooms
L3	Function rooms
L4	Offices
L5	Health club, swimming pool, SPA and retail shops
L6–L7	Offices
L8–L16	Service apartments
L17–L28	Hotel rooms

The Staff Quarter Portion:

A residential building used as staff quarter.

State-owned Land Use Certificates	The Hotel and Service Apartment Portions: 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 Certificates	The Hotel and Service Apartment Portions: 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)
Date of Valuation	31 December 2022
Valuation Methodology	Income Approach and Market Approach
Market Value in Existing State	

Property	**Market value in existing state as at 31 December 2022**
Hotel Portion	RMB531,000,000
Service Apartment Portion	RMB178,000,000
Staff Quarters Portion	No commercial value
Total:	**RMB709,000,000**

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
1. The Hotel Portion of Sofitel Shenyang Lido Nos. 370 and 386 Qingnian Street Heping District Shenyang City Liaoning Province The PRC	The property comprises 21 levels of a 30-storey towers including two basement levels erected on a parcel of land with a total site area of approximately 9,370 sq m and completed in about 2002. The property has a total gross floor area of approximately 57,226 sq m. As advised by the Company, the hotel portion comprises 374 hotel rooms. The property is held under land use rights term expiring on 9 April 2047 for commercial use.	The property is currently operated under the brand name of Sofitel Shenyang Lido.	RMB531,000,000 (RENMINBI FIVE HUNDRED THIRTY ONE MILLION ONLY)

Notes:

1. Pursuant to the State-owned Land Use Certificate 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 20 April 2007, the land use rights of the property with a site area of 2,966 sq m are held by Shenyang Lido Business Co., Ltd. (瀋陽麗都商務有限公司) for a term expiring on 9 April 2047 for commercial use.

2. Pursuant to the State-owned Land Use Certificate Shenyang Guo Yong (2011) Di No. HP05407 (瀋陽國用(2011)第HP05407號) issued by the People's Government of Shenyang Municipality dated 22 November 2011, the land use rights of the property with a site area of 178.79 sq m are held by Shenyang Lido Business Co., Ltd. for a term expiring on 1 July 2042 for composite use.

3. Pursuant to the State-owned Land Use Certificate Shenyang Guo Yong (2011) Di No. HP05316 (瀋陽國用(2011)第HP05316號) issued by the People's Government of Shenyang Municipality dated 22 November 2011, the land use rights of the property with a site area of 1,763.59 sq m are held by Shenyang Lido Business Co., Ltd. for a term expiring on 1 July 2042 for composite use.

4. Pursuant to the State-owned Land Use Certificate 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 dated 22 November 2011, the land use rights of the property with a site area of 4,461.62 sq m are held by Shenyang Lido Business Co., Ltd. for a term expiring on 1 July 2042 for commercial use.

5. Pursuant to the Real Estate Certificate 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 sq m are held by Shenyang Lido Business Co., Ltd..

6. Pursuant to the Building Ownership Certificate, 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 sq m are held by Shenyang Lido Business Co., Ltd..

7. Pursuant to the Building Ownership Certificate 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, the buildings with gross floor area of 54,862.07 sq m are held by Shenyang Lido Business Co., Ltd..

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
2. The Service Apartment Portion of Sofitel Shenyang Lido Nos. 370 and 386 Qingnian Street Heping District Shenyang City Liaoning Province The PRC	The property comprises 9 levels of a 30-storey towers including two basement levels erected on a parcel of land with a total site area of approximately 9,370 sq m and completed in about 2002. The property has a total gross floor area and lettable area of approximately 21,225 sq m and 20,178 sq m respectively. The property is held under land use rights term expiring on 21 April 2049 for composite use.	Portion of the property with a total lettable area of approximately 9,154 sq m has been leased under various tenancies with the last term expiring in August 2025, yielding a total monthly rental of approximately RMB820,000, exclusive of management fee. The occupancy rate of the office portion of the property as at valuation date was about 45.4%.	RMB178,000,000 (RENMINBI ONE HUNDRED SEVENTY EIGHT MILLION ONLY)

Notes:

1. Pursuant to the State-owned Land Use Certificate 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 20 April 2007, the land use rights of the property with a site area of 2,966 sq m are held by Shenyang Lido Business Co., Ltd. (瀋陽麗都商務有限公司) for a term expiring on 9 April 2047 for commercial use.

2. Pursuant to the State-owned Land Use Certificate Shenyang Guo Yong (2011) Di No. HP05407 (瀋陽國用(2011)第HP05407號) issued by the People's Government of Shenyang Municipality dated 22 November 2011, the land use rights of the property with a site area of 178.79 sq m are held by Shenyang Lido Business Co., Ltd. for a term expiring on 1 July 2042 for composite use.

3. Pursuant to the State-owned Land Use Certificate Shenyang Guo Yong (2011) Di No. HP05316 (瀋陽國用(2011)第HP05316號) issued by the People's Government of Shenyang Municipality dated 22 November 2011, the land use rights of the property with a site area of 1,763.59 sq m are held by Shenyang Lido Business Co., Ltd. for a term expiring on 1 July 2042 for composite use.

4. Pursuant to the State-owned Land Use Certificate 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 dated 22 November 2011, the land use rights of the property with a site area of 4,461.62 sq m are held by Shenyang Lido Business Co., Ltd. for a term expiring on 1 July 2042 for commercial use.

5. Pursuant to the Real Estate Certificate 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 sq m are held by Shenyang Lido Business Co., Ltd..

6. Pursuant to the Building Ownership Certificate, 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 sq m are held by Shenyang Lido Business Co., Ltd..

7. Pursuant to the Building Ownership Certificate 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, the buildings with gross floor area of 54,862.07 sq m are held by Shenyang Lido Business Co., Ltd..

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

9. According to the information provided by Company, the total monthly rental income of the property reported are contractual rentals without taking into account rent free period, if any.

10. Our analysis of the existing tenancy profile according to the tenancy information provided by Company is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq m)	% of total
Leased	9,154	45.4
Vacant	11,024	54.6
Total:	**20,178**	**100.0**

Tenancy Commencement Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2018	119	1.30	11,321	1.37	1	2.17
2019	1,939	21.18	167,453	20.31	7	15.22
2020	2,374	25.94	192,453	23.35	9	19.56
2021	680	7.43	62,830	7.62	4	8.70
2022	4,042	44.15	390,377	47.35	25	54.35
Total:	**9,154**	**100.00**	**824,434**	**100.00**	**46**	**100.00**

Tenancy Expiry Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2022	4,692	51.26	427,736	51.88	29	63.05
2024	2,622	28.64	241,038	29.24	11	23.91
2025	1,840	20.10	155,660	18.88	6	13.04
Total:	**9,154**	**100.00**	**824,434**	**100.00**	**46**	**100.00**

Tenancy Duration Profile

Year	Approximate Leased Lettable Area (sq m)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
Up to 1 Year	1,615	17.64	160,472	19.46	12	26.09
More than 1 Year and up to 2 Years	1,727	18.86	162,924	19.76	10	21.74
More than 2 Years and up to 3 Years	1,465	16.00	128,868	15.63	8	17.39
More than 3 Years and up to 4 Years	450	4.92	37,736	4.58	2	4.35
More than 4 Years and up to 5 Years	946	10.34	70,283	8.53	3	6.52
More than 5 Years and up to 6 Years	2,951	32.24	264,151	32.04	11	23.91
Total:	**9,154**	**100.00**	**824,434**	**100.00**	**46**	**100.00**

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

(i) the property has a proper legal title;

(ii) all land premium and costs of resettlement and public utilities services have been fully settled;

(iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

(iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
3. The Staff Quarters Portion No. 14-3 Wen An Road Heping District Shenyang City Liaoning Province The PRC	The property comprises two 7-storey residential buildings, erected upon two parcels of land with a total site area approximately 375.18 sq m, completed in 1999. The property has a total gross floor area of approximately 2,306.92 sq m. The land use rights of the property were allocated for an unspecified term for residential use.	The property is currently occupied by staffs of Sofitel Shenyang Lido as staff quarter.	No commercial value *(Please see Note 3)*

Notes:

1. Pursuant to two Stated-owned Land Use Rights Certificates issued by the People's Government of Shenyang Municipality, the land use rights of the property with a total site area of approximately 375.18 sq m was allocated to Shenyang Lido Business Co. Ltd for an unspecified term for residential use. Details of Stated-owned Land Use Rights Certificates are as follows:

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

2. Pursuant to two Building Ownership Certificates issued by Real Estate Bureau of Shenyang, the building ownership of the property with a total gross floor area of 2,306.92 sq. m. was vested in Shenyang Lido Business Co. Ltd. Details of Building Ownership Certificates are as follows:

Certificate No.	Unit No.	Gross Floor Area (sq m)
Shen Fang Quan Zheng She 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 She He Ping Zi Di No. 12748 (瀋房權證市和平字第12748號)	212, 222, 232, 242, 252, 262, 272	506.59

3. We have assigned no commercial value to the property as the land use rights are allocated in nature and cannot be transferred freely in the market.

Conditions & Caveats

(These Conditions & Caveats form part of our valuation report/letter)

1. VALUATION STANDARDS

Our valuations are prepared in accordance with the HKIS Valuation Standards (2020) published by the Hong Kong Institute of Surveyors ("HKIS"), the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors ("RICS") and/or International Valuation Standards published by International Valuation Standards Council ("IVSC") which entitle us to make assumptions that may upon further investigation, for instance by your legal representative, prove to be inaccurate or untrue. Any exception is clearly stated below and/or in the report.

2. PORTFOLIOS

In valuing the portfolio of properties, unless specifically agreed with you otherwise, we have valued the individual properties separately.

3. TITLE AND ENCUMBRANCES

We have taken reasonable care to investigate the title of the property by obtaining land search records from the Land Registry, and if not available, with reference to the title document or other document of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the property was free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the date of valuation.

In cases where sample land searches or land searches at the Land Registries are not required, we have relied on the title information as provided and assumed that the information is correct as at the date of valuation.

4. DISPOSAL COSTS AND LIABILITIES

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale.

5. SOURCES OF INFORMATION

We have relied on the quoted source of information to a very considerable extent and have not verified the correctness of any information including their translation supplied to us concerning this property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the property or contained on the register of title. We assume that this information is complete and correct.

6. INSPECTION

Where applicable and available, we have carried out external and/or internal inspection of the property. Nevertheless, we have assumed in our valuation that the property was in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the date of valuation, unless otherwise stated.

7. IDENTITY OF PROPERTY TO BE VALUED

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

8. BOUNDARIES

Plans accompanying this report are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with the information given to us and/or our understanding of the boundaries.

9. PROPERTY INSURANCE

We have valued the property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

10. AREAS AND AGE

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. The plans in this report are included to assist the reader to visualise the property and we assume no responsibility for their accuracy.

Where the age of the building is estimated, this is for reference only.

11. STRUCTURAL AND SERVICES CONDITION

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the property. Our valuation has therefore been undertaken on the basis that the property was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

12. GROUND CONDITION

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

13. ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

14. LEASES

Reliance must not be placed on our interpretation of leases without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

15. LOAN SECURITY

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

16. BUILD COST INFORMATION

We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at reliance upon the build cost and other relevant information prepared by a suitably qualified construction cost professional supplied to us by you. In their absence, we would have to rely on the published build cost information that might present severe limitations on the accuracy. Henceforth, the reliance that can be placed upon our advice is severely restricted.

17. COMPARABLE EVIDENCE

Where comparable evidence information is included in our report, they are only referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected the comparable properties.

18. VALUATION BASES

Unless otherwise specifically agreed, the value advised by us shall be the market value as at the date of valuation.

We have assumed that the property valued has been constructed or to be constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirements and notices, except only where otherwise stated. We have further assumed that, for any use of the property upon which the report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been obtained, except only where stated otherwise.

18.1 Market Value is defined as:
Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "RICS Valuation – Global Standards" issued by RICS as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Valuations are, however, undertaken for a variety of purposes, including sale, purchase, letting, mortgage, rating, compulsory purchase, insurance, probate and other tax purposes. Sometimes, a basis of valuation other than "market value" will be required as, for example, when assessing for insurance purposes. However, unless agreed otherwise, our valuation figure will represent our opinion of the asset or liability's market value as defined above.

18.2 Market Rent is defined as:
The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

18.3 Value for Sale under Repossession
The action of regaining possession especially the seizure of collateral securing a loan that is in default refers to the price that might reasonably be expected to realize within a defined period of time (the period shall be agreed upon between Lender and Valuer) from the sale of a real property in the market under repossession by the lender or receiver, on an "as is" basis, taking into account the unique quality of the real property and the existence of any specific demand as well as factors which might adversely affect the marketability of the real property due to market perception of increased risk or stigma, justified or otherwise. The increased risk or stigma would include but not limiting to the need for substantial renovation or repair, the need for abortive expenses and the need for completion in a short period of time.

18.4 Building Insurance Replacement Cost

The building insurance replacement cost is defined as the estimated cost of erecting the same real property or a modern substitute real property having the same areas as the existing one at the relevant date, which includes fees, finance costs and other associated expenses directly related to the construction of the real property. Coverage for loss of rent and other disturbances are not included.

The building insurance replacement cost is to be covered by the insurance policy against losses due to structural damage caused directly by the out-break of fire and do not include any consequential loss or liabilities to third parties as a result of fire.

In estimating the building insurance cost of the Property, we have made reference to the building cost index published by a reputable quantity surveyor firm. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors in Hong Kong should be consulted in order to assess an accurate building insurance replacement cost.

19. LIMITATIONS ON LIABILITY AND DISCLOSURE

19.1 This report/letter is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressed shall not disclose the report to any other person. Neither the whole, or any part of this report/letter and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

19.2 In accordance with our standard practice, we must state that this report/letter and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report/letter.

19.3 No claim arising out of or in connection with this agreement may be brought against any member, employee, shareholder or consultant of Knight Frank. Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Knight Frank.

19.4 Knight Frank will not be liable in respect of any of the following:

(a) for any services outside the scope of the services agreed to be performed by Knight Frank;

(b) to any third party; or

(c) any indirect or consequential losses (such as loss of profits).

19.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.

19.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to HKD50 million, unless otherwise stated in the valuation report. This limit applies to each and every transaction and retainer and any subsequent work that Knight Frank undertakes for you.

Conversion factors used in this report are:
1 square meter = 10.764 square feet and
1 meter = 3.2808 feet

VALUATION REPORT

27 February 2023

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

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

Our Ref: CV/CL/GL/JC/jn/14083/61(5)

Dear Sirs

VALUATION OF HYATT REGENCY LIBERATION SQUARE CHONGQING, NO. 68 ZOURONG ROAD, YUZHONG DISTRICT, CHONGQING, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value the above-mentioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 December 2022 for your accounting purpose.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests, which we would define as intended 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 or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation – Global Standards 2020" issued by the Royal Institution of Surveyors.

VALUATION METHODOLOGY

In our course of valuation, we have adopted Income Approach.

We have valued the property under the basis of on-going concern, and we have adopted income approach by making reference to its historical performance of the past years. During the course of the valuation, we have relied on the gross operating profit generated from the hotel operation during corresponding periods and made reference to the require rate of return of similar form of investment.

TITLE DOCUMENTS AND ENCUMBRANCES

We have not been provided with copies of extracts of title documents relating to the property. According to the specific terms of instruction from you, we have assumed in our valuation that the property has proper legal titles and is freely transferable to local and overseas purchasers without any onerous payments.

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

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by you. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have accepted advice given to us on such matters as tenure, ownership, particulars of occupancy, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the floor areas of the property and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the exterior of the property and the inspection was carried out by our Tara Luo in October 2022. No structural survey has been made. We are not, therefore, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services. For the purpose of this valuation, we have assumed that the property has been maintained in satisfactory condition commensurate with their building ages and use.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the property has been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

REMARKS

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the property.

Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

We hereby confirm that we have neither present nor prospective interests in Hui Xian REIT, the Company or the property.

Pursuant to Chapter 6.5 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

We enclose herewith our summary of value and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Reviewed (but not undertaken) by:

Gary S K Lau *MHKIS MRICS RPS (GP) CESGA*
RICS Registered Valuer
Senior Director, China Valuation & Advisory

Enc

EXECUTIVE SUMMARY

Property	Hyatt Regency Liberation Square Chongqing, No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC
Description	The property is a 38-storey hotel development including basement levels, which comprising retail shops, hotel rooms, service apartment rooms and other ancillary facilities.
Site Area	18,072.70 sq m
Registered Owner	Chongqing Oriental Plaza Hotel Co., Ltd. (重慶東廣飯店有限公司) (the "Owner")
Gross Floor Area	52,238 sq m
Real Estate Title Certificates	Yu (2017) Yu Zhong Qu Bu Dong Chan Quan Di No. 000244748 (渝(2017)渝中區不動產權第000244748號) Real Estate Title Certificate Yu (2021) Yu Zhong Qu Bu Dong Chan Quan Di No. 001178084 (渝(2021)渝中區不動產權第001178084號)
Date of Valuation	31 December 2022
Valuation Methodology	Income Approach
Market Value in Existing State	

Property	Market value in existing state as at 31 December 2022
Hotel Portion	RMB416,000,000
Service Apartment Portion	RMB30,000,000
Total:	**RMB446,000,000**

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
Hyatt Regency Liberation Square Chongqing No. 68 Zourong Road Yuzhong District Chongqing the PRC	The Property is a 38-storey hotel development including basement levels completed in about 1999. The property comprises the hotel portion, the service apartment portion and the car park portion with a gross floor area of approximately 43,773 sq m, 7,964 sq m and 502 respectively. As advised by the Company, the hotel portion comprises 338 hotel rooms. The service apartment portion is under renovation and is estimated to be completed in mid-2023. The property is held under land use rights term expiring on 30 August 2044 for commercial service use and carparking use.	The property is currently operated as a 5-star hotel under the brand name of Hyatt Regency Liberation Square Chongqing and service apartment.	RMB446,000,000 (RENMINBI FOUR HUNDRED FORTY SIX MILLION ONLY)

Notes:

1. Pursuant to the Real Estate Title Certificate Yu (2017) Yu Zhong Qu Bu Dong Chan Quan Di No. 000244748 (渝(2017)渝中區不動產權第000244748號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 31 March 2017, the basement levels of the property with a total gross floor area of 501.53 sq m is vested in Chongqing Oriental Plaza Hotel Co., Ltd. (重慶東廣飯店有限公司) for a land use term expiring on 30 August 2044 for carparking use.

2. Pursuant to the Real Estate Title Certificate Yu (2021) Yu Zhong Qu Bu Dong Chan Quan Di No. 001178084 (渝(2021)渝中區不動產權第001178084號) issued by Chongqing Yuzhong District Planning and Natural Resources Bureau (重慶市渝中區規劃和自然資源局) dated 27 September 2021, the property with a total gross floor area of 51,736.57 sq m is vested in Chongqing Oriental Plaza Hotel Co., Ltd. for a land use term expiring on 30 August 2044 for commercial service use.

3. Breakdown of market value as at the date of valuation are listed as follows:

Property	Market value in existing state as at 31 December 2022
Hotel Portion	RMB416,000,000
Service Apartment Portion	RMB30,000,000
Total:	**RMB446,000,000**

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

   (i) the property has a proper legal title;

   (ii) all land premium and costs of resettlement and public utilities services have been fully settled;

   (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   (iv) the property can be freely disposed of to local or overseas purchasers.

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,

Hui Xian Real Estate Investment Trust
Annual Confirmation for the period from 1 January 2022 to 31 December 2022

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 from time to time) for the period from 1 January 2022 to 31 December 2022.

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

Hong Kong, 28 February 2023

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 155 to 221, which comprise the consolidated statement of financial position as at 31 December 2022, 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 consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its 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 (the "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 RMB27,739 million at 31 December 2022, representing 72% of the Group's total assets, with its change in fair value recognised in the consolidated statement of comprehensive income. During the year ended 31 December 2022, the fair value of investment properties decreased by RMB1,404 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 methodology, 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 and reversionary rental for malls and offices. 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 methodology, the performances of the property markets in different cities in the People's Republic of China (the "PRC"), significant assumptions adopted and, key inputs used in the valuations; • Comparing the valuation methodology 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; and (ii) comparing to relevant market information on prices, rentals achieved, term yield, reversionary yield and reversionary rental 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
Impairment assessment of buildings and right-of-use assets We identified the valuation of buildings, which are included in property, plant and equipment, and the valuation of right-of-use assets (collectively referred to as the "Buildings and Right-of-use assets") as a key audit matter due to the significant judgements involved in the determination of their recoverable amounts. The Buildings and Right-of-use assets represent hotels, serviced apartments and related leasehold lands. As at 31 December 2022, for the purpose of the impairment review, the Manager has conducted an assessment to ensure that the Buildings and Right-of-use assets are carried at no more than their recoverable amounts. The recoverable amounts of the Buildings and Right-of-use assets are determined with reference to the valuations carried out by the Valuer and the impairment assessments carried out by the Manager by assessing their value-in-use and fair value less costs of disposal. The assessments of fair value less costs of disposal are dependent on recent sale and purchase transaction prices of retail, office and serviced apartment units. The Manager concluded that there is no impairment in respect of the Buildings and Right-of-use assets on 31 December 2022.	Our procedures in relation to the Manager's assessment on the recoverable amounts of the Buildings and Right-of-use assets included: • Evaluating the assessment made by the Manager as to whether there were any impairment indicators of the Group's hotels, serviced apartments and related leasehold lands with reference to the operating results; • Understanding the process of impairment review conducted by the Manager in the assessment of the recoverable amounts with reference to the value-in-use and fair value less costs of disposal; • Assessing the appropriateness of the valuation methodologies used by the Manager in the assessments of fair value less costs of disposal; • Evaluating the reasonableness of result of the impairment assessment performed by the Manager, assessing the relevant market information of retail, office and serviced apartment units researched by the Manager and comparing with the carrying amounts of the Group's hotels, serviced apartments and related leasehold lands; and • Conducting an independent research of the relevant market information of retail, office and serviced apartment units for impairment assessment.

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 has 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 five supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015, 19 May 2017 and 14 May 2021 (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 Securities and Futures Commission of Hong Kong.

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 are 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.

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

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.

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, actions taken to eliminate threats or safeguards applied.

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 MATTERS 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 the independent auditor's report is Ng Kwok Ho.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 RMB million	2021 RMB million
Revenue	5	**2,202**	2,560
Other income	6	**136**	165
Decrease in fair value of investment properties	13	**(1,404)**	(1,516)
Inventories consumed		**(19)**	(29)
Staff costs		**(116)**	(162)
Depreciation		**(370)**	(385)
Other operating expenses	7	**(754)**	(799)
Finance costs, including exchange differences	8	**(867)**	118
Manager's fees	9	**(117)**	(124)
Real estate investment trust expenses	10	**(10)**	(13)
Loss before taxation and transactions with unitholders		**(1,319)**	(185)
Income tax expense	11	**(42)**	(70)
Loss for the year, before transactions with unitholders		**(1,361)**	(255)
Distributions to unitholders		**(517)**	(570)
Loss for the year, after transactions with unitholders		**(1,878)**	(825)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of right-of-use assets upon transfer to investment properties, net of tax		**1**	–
Total comprehensive expense for the year, after transactions with unitholders		**(1,877)**	(825)
Loss for the year, before transactions with unitholders attributable to:			
Non-controlling interests		**(54)**	(36)
Unitholders		**(1,307)**	(219)
		(1,361)	(255)
Total comprehensive expense for the year, after transactions with unitholders attributable to:			
Non-controlling interests		**(54)**	(36)
Unitholders		**(1,823)**	(789)
		(1,877)	(825)
Basic loss per unit *(RMB)*	12	**(0.2112)**	(0.0361)

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 RMB million	2021 RMB million
Loss for the year, before transactions with unitholders	**(1,361)**	(255)
Less: loss for the year attributable to non-controlling interests	**54**	36
Loss for the year attributable to unitholders, before transactions with unitholders	**(1,307)**	(219)
Adjustments *(Note (i))*:		
Manager's fees	**85**	90
Decrease in fair value of investment properties	**–**	132
Deferred tax	**(6)**	(223)
Net unrealised exchange loss (gain) on bank loans and loan front-end fee	**665**	(129)
Net realised exchange gain (loss) on bank loans and loan front-end fee	**18**	(246)
Difference between cash and accounting finance costs	**14**	(32)
Other non-cash gain	**(7)**	–
	769	(408)
Total adjusted loss	**(538)**	(627)
Additional available amount *(Note (ii))*	**1,113**	1,260
Amount available for distribution	**575**	633
Payout ratio *(Note (iii))*	**90%**	90%
Additional amount distributed *(Note (ii))*	**517**	570
Distributions to unitholders *(Note (iv))*		
– Interim distribution paid	**319**	410
– Final distribution payable	**198**	160
	517	570
Distribution per unit *(RMB) (Note (iv))*		
Interim distribution per unit	**0.0516**	0.0674
Final distribution per unit	**0.0318**	0.0261
	0.0834	0.0935

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2022, Manager's fees paid and payable in units of RMB85 million (49,278,288 units issued and 40,349,729 units estimated to be issued) out of the total Manager's fees of RMB117 million. The difference of RMB32 million is paid or payable in cash.

For the year ended 31 December 2021, Manager's fees paid and payable in units of RMB90 million (29,575,723 units issued and 32,677,892 units estimated to be issued) out of the total Manager's fees of RMB124 million. The difference of RMB34 million is paid or payable in cash.

(b) Decrease in fair value of investment properties of RMB132 million for the year ended 31 December 2021, being reversal of fair value gains adjusted previously in the distribution statement.

(c) For the year ended 31 December 2022, deferred tax credit of RMB6 million in relation to accelerated tax depreciation.

For the year ended 31 December 2021, deferred tax charge of RMB2 million in relation to accelerated tax depreciation and deferred tax credit of RMB225 million in relation to change in fair value of investment properties.

(d) Net unrealised exchange loss on bank loans and loan front-end fee of RMB665 million for the year ended 31 December 2022 (2021: Net unrealised exchange gain on bank loans and loan front-end fee of RMB129 million).

(e) Accumulated net unrealised exchange gain of RMB18 million on bank loans and loan front-end fee previously adjusted out from the distribution statement have been realised and adjusted back upon loan repayment during the year ended 31 December 2022 (2021: Net realised exchange loss on bank loans and loan front-end fee of RMB246 million).

(f) Adjustment of RMB14 million in respect of accounting finance costs less cash finance costs during the year ended 31 December 2022 (2021: adjustment of RMB32 million in respect of cash finance costs less accounting finance costs).

(g) Other non-cash gain of RMB7 million for the year ended 31 December 2022 (2021: nil).

Pursuant to the Trust Deed (as defined in Note 1), annual distributable income is defined as the amount calculated by the Manager (as defined in Note 1) 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) Pursuant to clause 11.4.2 of the Trust Deed, the Manager determined that an amount of RMB1,113 million be available for addition (2021: RMB1,260 million) to arrive at the amount available for distribution during the year ended 31 December 2022 and additional amount distributed during the year ended 31 December 2022 is RMB517 million (2021: RMB570 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 annual distributable income for each financial year. While Hui Xian REIT had an adjusted loss of RMB538 million for the year ended 31 December 2022 (2021: RMB627 million), the Manager determined an amount of RMB575 million to be available for distribution for the year (2021: RMB633 million) as referred to in (ii) above.

Distributions to unitholders for the year ended 31 December 2022 represent a payout ratio of 90% (2021: 90%) of such amount available for distribution for the year.

(iv) The interim distribution per unit of RMB0.0516 for the six months ended 30 June 2022, paid on 28 September 2022, is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB354,398,707 over 6,181,080,984 units, representing issued units as at 30 June 2022. The final distribution per unit of RMB0.0318 for the six months ended 31 December 2022, payable on or around 15 May 2023, is calculated based on 90% of Hui Xian REIT's amount available for distribution for the year of RMB574,849,238, less distribution to unitholders for the six months ended 30 June 2022, over 6,230,359,272 units, representing issued units as at 31 December 2022.

The interim distribution per unit of RMB0.0674 for the six months ended 30 June 2021, paid on 27 September 2021, is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB455,303,215 over 6,080,656,855 units, representing issued units as at 30 June 2021. The final distribution per unit of RMB0.0261 for the six months ended 31 December 2021, paid on 18 May 2022, is calculated based on 90% of Hui Xian REIT's amount available for distribution for the year of RMB632,814,747, less distribution to unitholders for the six months ended 30 June 2021, over 6,129,115,187 units, representing issued units as at 31 December 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	NOTES	2022 RMB million	2021 RMB million
Non-current assets			
Investment properties	13	**27,739**	29,127
Property, plant and equipment	14	**1,994**	1,996
Right-of-use assets	15	**3,759**	3,932
Goodwill		**2**	2
Total non-current assets		**33,494**	35,057
Current assets			
Inventories	16	**21**	24
Trade and other receivables	17	**126**	125
Bank balances and cash	18	**4,759**	5,880
Total current assets		**4,906**	6,029
Total assets		**38,400**	41,086
Current liabilities			
Trade and other payables	19	**472**	435
Tenants' deposits		**233**	255
Tax payable		**21**	23
Manager's fee payable		**56**	60
Distribution payable		**198**	160
Bank loans	20	**3,388**	1,307
Total current liabilities		**4,368**	2,240
Total assets less current liabilities		**34,032**	38,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	NOTES	**2022 RMB million**	2021 RMB million
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	**4,452**	7,164
Tenants' deposits		**393**	428
Deferred tax liabilities	21	**6,308**	6,594
Total non-current liabilities, excluding net assets attributable to unitholders		**11,153**	14,186
Total liabilities, excluding net assets attributable to unitholders		**15,521**	16,426
Non-controlling interests		**151**	205
Net assets attributable to unitholders		**22,728**	24,455
Units in issue *('000)*	22	**6,230,359**	6,129,115
Net asset value per unit *(RMB)* attributable to unitholders	23	**3.6480**	3.9900

The consolidated financial statements on pages 155 to 221 were approved and authorised for issue by the Board of Directors of the Manager on 3 March 2023 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 2022

	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2021	25,052	241	25,293
Units issued for settlement of Manager's fees *(Note 22)*	93	–	93
Units issued pursuant to the distribution reinvestment arrangement in respect of 2020 final and 2021 interim distributions *(Note 22)*	99	–	99
	25,244	241	25,485
Loss for the year, before transactions with unitholders	(219)	(36)	(255)
Distributions to unitholders			
– Interim distribution paid	(410)	–	(410)
– Final distribution payable	(160)	–	(160)
Total comprehensive expense for the year, after transactions with unitholders	(789)	(36)	(825)
Net assets as at 31 December 2021	**24,455**	**205**	**24,660**
Units issued for settlement of Manager's fees *(Note 22)*	**87**	**–**	**87**
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final distributions *(Note 22)*	**9**	**–**	**9**
	24,551	**205**	**24,756**
Loss for the year, before transactions with unitholders	**(1,307)**	**(54)**	**(1,361)**
Distributions to unitholders			
– Interim distribution paid	**(319)**	**–**	**(319)**
– Final distribution payable	**(198)**	**–**	**(198)**
Other comprehensive income for the year	**1**	**–**	**1**
Total comprehensive expense for the year, after transactions with unitholders	**(1,823)**	**(54)**	**(1,877)**
Net assets as at 31 December 2022	**22,728**	**151**	**22,879**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 RMB million	2021 RMB million
Operating activities			
Loss before taxation and transactions with unitholders		**(1,319)**	(185)
Adjustments for:			
Loss on disposal of property, plant and equipment		**17**	4
Depreciation of property, plant and equipment		**200**	215
Depreciation of right-of-use assets		**170**	170
Decrease in fair value of investment properties		**1,404**	1,516
Interest income		**(128)**	(156)
Exchange loss (gain)		**661**	(246)
Interest expenses		**206**	128
Manager's fees accrued, units portion		**85**	93
Operating cash flows before movements in working capital		**1,296**	1,539
Decrease in inventories		**3**	2
(Increase) decrease in trade and other receivables		**(16)**	18
Decrease in trade and other payables		**–**	(71)
Decrease in tenants' deposits		**(57)**	(28)
Decrease in Manager's fee payable		**(2)**	–
Cash generated from operations		**1,224**	1,460
Income and withholding tax paid		**(330)**	(361)
Net cash from operating activities		**894**	1,099
Investing activities			
Placement of deposits in banks		**(6,102)**	(7,880)
Purchase of property, plant and equipment		**(182)**	(88)
Additions to investment properties	13	**(11)**	(12)
Proceeds on disposal of property, plant and equipment		**1**	–
Withdrawal of deposits in banks		**6,524**	7,739
Interest received		**143**	153
Net cash from (used) in investing activities		**373**	(88)

	NOTE	2022 RMB million	2021 RMB million
Financing activities			
Net proceeds from new bank loans raised		**650**	4,071
Repayment of bank loans		**(1,959)**	(4,255)
Distributions paid to unitholders		**(470)**	(705)
Interest paid		**(187)**	(108)
Net cash used in financing activities		**(1,966)**	(997)
Net (decrease) increase in cash and cash equivalents		**(699)**	14
Cash and cash equivalents at the beginning of the year		**2,869**	2,855
Cash and cash equivalents at the end of the year	18	**2,170**	2,869

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 five supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015, 19 May 2017 and 14 May 2021 (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 of Hong Kong (the "SFC").

The principal activities of Hui Xian REIT and its subsidiaries (the "Group") are 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 Co., Ltd. controlled by Hui Xian REIT and Beijing Hui Xian Enterprise Services Limited (the "Beijing Property Manager") on 29 April 2011, 22 June 2017 and 27 December 2020, 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 and supplemental agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd ("Chongqing Company") controlled by Hui Xian REIT and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited (the "Chongqing Property Manager") on 2 March 2015, 31 December 2017 and 31 December 2020, 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 Chongqing Company) at the request of Chongqing Company for the provision of cleaning, maintenance, security, car park management and other services for Metropolitan Oriental Plaza.

1. GENERAL INFORMATION (Continued)

(b) Trustee's fee

The Trustee is entitled to receive a one-off inception fee of not more than RMB100,000 and, in each financial year, an annual fee of such amount as is agreed between the Manager and the Trustee from time to time of not more than 0.02% of the fair values of the real estate properties (the "Property Values") as at the end of such financial year (which may be increased without obtaining unitholders' approval to a maximum of 0.06% per annum of the Property Values by giving at least one month's prior written notice to the Manager and the unitholders), subject to a minimum amount of RMB56,000 per month.

(c) Manager's fees

Under the Trust Deed, the Manager is entitled to receive the following remuneration for the provision of asset management services:

Base Fee

Under the Trust Deed, the Manager will receive a base fee from Hui Xian REIT at 0.3% per annum of the Property Values as at the end of such financial year.

For the period from the date of listing until 31 December 2011, the base fee, only to the extent that it is referable to Beijing Oriental Plaza, shall be paid to the Manager as to 80% in the form of units and as to 20% in the form of cash. Thereafter, the Manager may elect whether the base fee is to be paid in cash or in units.

On 5 January 2022, the Manager has elected to receive 70% (2021: 70%) base fee in units and 30% (2021: 30%) in cash in respect of the financial year ended 31 December 2022.

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 as defined in the Trust Deed.

1. GENERAL INFORMATION (Continued)

(c) Manager's fees (Continued)

***Variable Fee** (Continued)*

The Manager has elected that with effect from 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza be split into 2 portions comprising a variable fee payable to the Manager which is equal to 1% per annum, and a property manager's fee payable to the property manager which is equal to 2% per annum, of NPI of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The 3% rate in respect of the other real estates of Hui Xian REIT is all payable to the Manager at 3% per annum of NPI of the relevant real estate (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The Manager may elect whether the variable fee is to be paid in cash or in units in accordance with the provisions in the Trust Deed.

On 5 January 2022, the Manager has elected to receive 70% (2021: 70%) variable fee in units and 30% (2021: 30%) in cash in respect of the financial year ended 31 December 2022.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND 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 (the "HKICPA"). For the purpose of preparation of consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosure requirements set out in Appendix C of the REIT Code issued by the SFC, the relevant provisions of the Trust Deed and the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules").

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the 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 accounted for in accordance with HKFRS 16 *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*.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup 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.

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit 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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue recognition

Revenue from contracts with customers

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 represents 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 or 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 have been included in trade and other payables.

Contracts with multiple performance obligations (including allocation of transaction price)
For contracts that contain more than one performance obligations (i.e. hotel room revenue and food and beverages services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue recognition (Continued)

Revenue from contracts with customers *(Continued)*

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. hotel room revenue 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.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

(e) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for 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 disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If a property 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 leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in net assets attributable to unitholders.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction 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. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND 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 instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) 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 payments (including all fees and points 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, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

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.

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 Financial Instruments

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables arising from contracts with customers, other receivables and bank balances), and trade receivables arising from leasing arrangements which are subject to impairment assessment under HKFRS 9. 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. Assessments 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/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition in which case, 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; and

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 Financial Instruments (Continued)

(i) Significant increase in credit risk (Continued)

- 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.

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 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; or

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 Financial Instruments (Continued)

(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.

(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 and 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, and forward looking information that is available without undue cost or effort.

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 HKFRS 16.

Where ECL is measured on a collective basis, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

***Financial assets** (Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, 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 and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

In accordance with the Trust Deed, Hui Xian REIT has a limited life of 80 years less 1 day from the date of commencement of Hui Xian REIT. The units contain a contractual obligation to its unitholders, upon the termination of Hui Xian REIT to distribute a share of all net cash proceeds derived from the sale or realisation of the assets of Hui Xian REIT less any liabilities, in accordance with their proportionate interests in Hui Xian REIT at the date of its termination.

In accordance with the Trust Deed, Hui Xian REIT's distribution policy provides the unitholders with a right to receive distribution which Hui Xian REIT has a contractual obligation to distribute to unitholders at 100% of Hui Xian REIT's Annual Distributable Income (defined in the Trust Deed) for the period from 29 April 2011 (date of listing) to 31 December 2011 and the financial year ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's Annual Distributable Income for each financial year. The Manager also has the discretion to direct that Hui Xian REIT makes distributions over and above the minimum required Annual Distributable Income for any financial year if and to the extent that Hui Xian REIT, in the opinion of the Manager, has funds surplus to its business requirements.

Accordingly, the unitholders' funds are compound instruments in accordance with HKAS 32 *Financial Instruments: Presentation*. Unitholders' fund presented on the consolidated statement of financial position as net assets attributable to unitholders is classified as financial liabilities because the equity component is considered 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.

Other than the net assets attributable to unitholders of Hui Xian REIT, non-derivative financial liabilities including trade and other payables, tenants' deposits, manager's fee payable, distribution payable and bank loans are subsequently measured at amortised cost, using the effective interest method.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial liabilities and equity *(Continued)*

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 of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligation specified in the relevant contract is discharged, cancelled or has expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use 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 property, plant and equipment and right-of-use 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.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 or the group of cash-generating units. 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 or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment on property, plant and equipment and right-of-use assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) 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 or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leases (Continued)

***The Group as a lessee** (Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leases (Continued)

The Group as a lessor *(Continued)*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as receivables arising from leasing arrangements (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

(k) 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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 related to income 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. Such grants are presented under "other income".

(m) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the loss 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 differences 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.

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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxation (Continued)

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 assets and liabilities are measured at the tax rates that are expected to apply in the period which 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.

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 *Income Taxes* (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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. 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.

(o) Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

(p) 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, and annual leave) after deducting any amount already paid.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of:

(i) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(ii) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(r) Impact arising from recently issued accounting standards

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period on 1 January 2022 for the preparation of the consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

In addition, the Group applied the agenda decision of the Committee of the International Accounting Standards Board (the "Committee"), which is relevant to the Group. Given that HKFRSs contain wordings that are almost identical to the equivalent IFRS Standards except for minor differences, the agenda decision of the Committee is equally applicable to the Group.

Impact on application of the agenda decision of the Committee – Lessor Forgiveness of Lease Payments (IFRS 9 Financial Instruments and IFRS 16 Leases)

In October 2022, the Committee published the agenda decision related to the accounting for a rent concession where the lessor legally releases the lessee from its obligation to make specifically identified lease payments. Some of these lease payments are contractually due but not paid and some of them are not yet contractually due. The Committee concluded that, before the rent concession is granted, the lessor applies the impairment requirements in IFRS 9 to the operating lease receivable, the measurement of expected credit losses should include the lessor's expectations of forgiving the related lease payments. In addition, the lessor accounts for the rent concession on the date it is granted by applying: (a) the derecognition requirements in IFRS 9 to forgiven lease payments that the lessor has recognised as operating lease receivables; and (b) the lease modification requirements in IFRS 16 to forgiven lease payments that the lessor has not recognised as an operating lease receivable.

The application of the amendments to HKFRSs and the Committee's agenda decision in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts[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 HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[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 2024.

The Manager anticipates that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going 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.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the Manager has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

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

Critical judgements in applying accounting policies (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. An investment property generates cash flows largely independently of the other assets held by an entity. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred taxation on investment properties

For the purpose of measuring deferred tax arising from investment properties that are measured using the fair value model, 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 Group's 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. Therefore, in determining the deferred taxation on investment properties, the Manager has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. 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 RMB3,775 million as at 31 December 2022 (2021: RMB4,066 million).

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Investment Properties

As described in Notes 2(e) and 13, as at 31 December 2022, investment properties of RMB27,739 million (2021: RMB29,127 million) are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates as described in Note 13.

In relying on the valuation reports of the independent professional valuer, the Manager has exercised its judgement and is satisfied that valuation methodology, significant assumptions and key inputs used in the valuation are reflective of the current market conditions. Change in market conditions will affect the fair value of the investment properties of the Group.

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

Key sources of estimation uncertainty (Continued)

Impairment on Buildings and Right-of-use Assets

As detailed in Notes 2(f) and (j), the Group's buildings and right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment loss where appropriate. The Manager makes significant judgements in determining the recoverable amounts of the buildings and right-of-use assets (collectively referred as the "Buildings and Right-of-use assets").

The Buildings and Right-of-use assets represent hotels, serviced apartments and related leasehold lands. As at 31 December 2022, for the purpose of the impairment review, the Manager has conducted an assessment to ensure that the Buildings and Right-of-use assets are carried at no more than their recoverable amounts. The recoverable amounts of the Buildings and Right-of-use assets are determined with reference to the valuations carried out by an independent professional valuer and impairment assessments carried out by the Manager by assessing their value-in-use and the fair value less costs of disposal. The assessments of fair value less costs of disposal are dependent on the recent sale and purchase transaction prices of retail, office and serviced apartment units. In case there is decrease in the transaction prices of retail, office and serviced apartment units, an impairment loss may arise.

Based on the Manager's assessment, no impairment loss was recognised on the Buildings and Right-of-use assets during the year ended 31 December 2022 (2021: Nil). As at 31 December 2022, in respect of hotels and serviced apartments, the carrying amounts of the Group's buildings and right-of-use assets are RMB1,546 million (2021: RMB1,654 million) and RMB3,675 million (2021: RMB3,840 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.

Identified operating and reportable segments are as follows:

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 and serviced apartment units in The Residences at Sofitel Shenyang Lido, Shenyang, the PRC.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, Sofitel Shenyang Lido, Shenyang, the PRC, Hyatt Regency Liberation Square Chongqing, Chongqing, the PRC and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results

For the year ended 31 December 2022

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	**779**	**1,086**	**171**	**166**	**2,202**
Segment profit (loss)	**522**	**793**	**83**	**(98)**	**1,300**
Decrease in fair value of investment properties					**(1,404)**
Finance costs, including exchange differences					**(867)**
Unallocated depreciation					**(343)**
Unallocated income					**130**
Unallocated expense					**(135)**
Loss before taxation and transactions with unitholders					**(1,319)**

For the year ended 31 December 2021

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,008	1,101	180	271	2,560
Segment profit (loss)	690	795	86	(31)	1,540
Decrease in fair value of investment properties					(1,516)
Finance costs, including exchange differences					118
Unallocated depreciation					(360)
Unallocated income					158
Unallocated expense					(125)
Loss before taxation and transactions with unitholders					(185)

The accounting policies of the operating segments are the same as the accounting policies described in Note 2. Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of the changes in fair value of investment properties, finance costs, including exchange differences, certain depreciation expenses, certain other income, certain Manager's fees, real estate investment trust expenses and certain other operating expenses that are not directly related to each segmental activities. 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:

	2022 RMB million	2021 RMB million
Malls	**13,475**	14,743
Offices	**14,423**	14,538
Apartments	**2,246**	2,355
Hotels	**3,504**	3,567
Total segment assets	**33,648**	35,203
Unallocated bank balances and cash	**4,682**	5,801
Other assets	**70**	82
Consolidated total assets	**38,400**	41,086

For the purposes of monitoring segment performances and resources allocation, all assets are allocated to operating segments other than corporate assets (including certain right-of-use assets, certain bank balances and cash, certain equipment, certain inventories, certain other receivables and goodwill) which are unallocated.

For the measurement of segment assets and results, property, plant and equipment, right-of-use assets and investment properties are allocated to segments while their corresponding depreciation and changes in fair value of investment properties are not allocated to segment results on the same basis.

Segment liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the Manager for the purpose of resource allocation and performance assessment.

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in 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.

4. SEGMENT REPORTING (Continued)

(d) Other segment information

For the year ended 31 December 2022

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Unallocated RMB million	Consolidated total RMB million
Depreciation	**1**	**1**	**2**	**23**	**27**	**343**	**370**
Additions to non-current assets	**6**	**5**	**1**	**217**	**229**	**1**	**230**

For the year ended 31 December 2021

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Unallocated RMB million	Consolidated total RMB million
Depreciation	1	1	3	20	25	360	385
Additions to non-current assets	8	5	1	85	99	3	102

5. REVENUE

For the year ended 31 December 2022

	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	**–**	**–**	**–**	**103**	**103**
Food and beverage	**–**	**–**	**–**	**54**	**54**
Carpark revenue	**22**	**–**	**–**	**–**	**22**
Ancillary services income	**122**	**191**	**61**	**9**	**383**
	144	**191**	**61**	**166**	**562**
Rental income	**635**	**895**	**110**	**–**	**1,640**
Total revenue	**779**	**1,086**	**171**	**166**	**2,202**
Timing of revenue recognition					
A point in time	**34**	**25**	**4**	**60**	**123**
Over time	**110**	**166**	**57**	**106**	**439**
Revenue from contracts with customers within the scope of HKFRS 15	**144**	**191**	**61**	**166**	**562**

5. REVENUE (Continued)

For the year ended 31 December 2021

	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	–	–	–	173	173
Food and beverage	–	–	–	84	84
Carpark revenue	28	–	–	–	28
Ancillary services income	148	190	61	14	413
	176	190	61	271	698
Rental income	832	911	119	–	1,862
Total revenue	1,008	1,101	180	271	2,560
Timing of revenue recognition					
A point in time	61	35	5	93	194
Over time	115	155	56	178	504
Revenue from contracts with customers within the scope of HKFRS 15	176	190	61	271	698

All contracts with customers 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 is not disclosed.

The gross rental from investment properties includes variable lease payments that do not depend on an index or a rate of RMB7 million (2021: RMB14 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB554 million (2021: RMB630 million).

6. OTHER INCOME

	2022 RMB million	2021 RMB million
Interest income from banks	**128**	156
Government subsidies	**3**	3
Others	**5**	6
Total	**136**	165

7. OTHER OPERATING EXPENSES

	2022 RMB million	2021 RMB million
Advertising and promotion	**18**	34
Audit fee	**2**	2
Insurance	**5**	5
Lease agency fee	**15**	21
Property manager's fee *(Note 1(a))*	**60**	69
Property management fees	**64**	61
Repairs and maintenance	**78**	92
Other miscellaneous expenses *(Note)*	**156**	140
Stamp duty	**2**	3
Urban land use tax	**3**	3
Urban real estate tax	**242**	264
Utilities	**81**	88
Value added tax surcharges	**11**	13
Loss on disposal of property, plant and equipment	**17**	4
	754	799

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

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2022 RMB million	2021 RMB million
Net unrealised exchange loss (gain) on bank loans and loan front-end fee	**665**	(129)
Net realised exchange gain on bank loans and loan front-end fee arising on settlement	**(4)**	(117)
Interest expenses on unsecured bank loans	**206**	128
	867	(118)

9. MANAGER'S FEES

	2022 RMB million	2021 RMB million
Base fee *(Note 1(c))*	**103**	106
Variable fee *(Note 1(c))*	**14**	18
	117	124

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2022 RMB million	2021 RMB million
Trustee's fee *(Note 1(b))*	**4**	4
Legal and professional fees	**1**	4
Trust administrative expenses and others	**5**	5
	10	13

11. INCOME TAX EXPENSE

	2022 RMB million	2021 RMB million
The income tax expense comprises:		
Current tax		
– PRC Enterprise Income Tax	**282**	316
– Withholding tax	**46**	44
Deferred taxation *(Note 21)*	**(286)**	(290)
	42	70

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 25% on the estimated assessable profits of the Group's PRC subsidiaries, except for a subsidiary operating in Chongqing which was granted a concessionary tax rate of 15% by the local tax bureau following the Catalogue of Encouraged Industries in Western Region which was promulgated by the National Development and Reform Commission of the PRC in 2014.

The Law of PRC 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% for the Group. At the end of the reporting period, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

The income tax expense for the year can be reconciled to loss before taxation and transactions with unitholders per the consolidated statement of comprehensive income as follows:

	2022 RMB million	2021 RMB million
Loss before taxation and transactions with unitholders	**(1,319)**	(185)
Tax at the applicable income tax rate of 25%	**(330)**	(46)
Tax effect of different tax rates of subsidiaries operating in other regions	**(2)**	(2)
Tax effect of income not taxable for tax purpose	**(28)**	(88)
Tax effect of expenses not deductible for tax purpose	**247**	68
Tax effect of tax losses and deductible temporary differences not recognised	**114**	91
Deferred tax on earnings of the Group's PRC subsidiaries	**41**	47
Income tax expense for the year	**42**	70

12. LOSS PER UNIT

The loss per unit for the year ended 31 December 2022 is calculated by dividing the loss for the year attributable to unitholders before transactions with unitholders of RMB1,307 million (2021: RMB219 million) by the weighted average of 6,184,883,619 (2021: 6,077,949,711) units in issue during the year, taking into account the units issuable as Manager's fee for its service for the year.

No diluted loss per unit for both years were presented as there were no potential units in issue for both years.

13. INVESTMENT PROPERTIES

The Group leases out various offices, malls and carparks under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 month to 15 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of retail stores contain variable lease payment that are based on 0.6% to 25% (2021: 0.6% to 25%) of sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2022 **RMB million**	2021 RMB million
FAIR VALUE		
At the beginning of the year	**29,127**	30,629
Additions	**11**	12
Transferred from property, plant and equipment	**1**	2
Transferred from right-of-use assets	**4**	–
Decrease in fair value recognised in profit or loss	**(1,404)**	(1,516)
At the end of the year	**27,739**	29,127

(a) The Group's investment properties are located in Beijing and Chongqing, the PRC, and are measured using the fair value model.

(b) Investment properties were revalued on 31 December 2022 and 2021 by Knight Frank Petty Limited, 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 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 methodology 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 methodology and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 1 – office buildings	Level 3	Income approach		
		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% (2021: 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% (2021: 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 RMB269/sq.m./month (2021: RMB268/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 RMB308/sq.m./month (2021: RMB306/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB13,665 million as at 31 December 2022 (2021: RMB13,740 million).

13. INVESTMENT PROPERTIES (Continued)

(b) (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation methodology and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 2 – shopping mall and car parking spaces	Level 3	Income approach		
		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% (2021: 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% (2021: 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 RMB746 /sq.m./month (2021: RMB853/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 RMB1,100/sq.m./month (2021: RMB1,188/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB11,393 million as at 31 December 2022 (2021: RMB12,478 million).

13. INVESTMENT PROPERTIES (Continued)

(b) (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation methodology and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 3 – office	Level 3	Income approach		
		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% (2021: 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% (2021: 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 RMB85/sq.m./month (2021: RMB95/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 RMB109/sq.m./month (2021: RMB113/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB750 million as at 31 December 2022 (2021: RMB789 million).

13. INVESTMENT PROPERTIES (Continued)

(b) (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation methodology and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 4 – shopping mall and car parking spaces	Level 3	Income approach		
		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% (2021: 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% (2021: 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 RMB66/sq.m./month (2021: RMB179/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 RMB277/sq.m./month (2021: RMB204/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB1,931 million as at 31 December 2022 (2021: RMB2,120 million).

The fair values of all investment properties at 31 December 2022 and 2021 were measured using valuation methodology 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 methodology 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 methodology 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 methodology 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 2021	2,199	1,078	40	300	7	204	3,828
Additions for the year	–	1	1	6	75	5	88
Disposals for the year	(70)	(17)	–	(6)	–	(7)	(100)
Cost adjustments	(2)	–	–	–	(1)	–	(3)
Transfers	(31)	39	–	(3)	(16)	11	–
Transferred to investment properties	–	(10)	–	(7)	–	–	(17)
At 31 December 2021	**2,096**	**1,091**	**41**	**290**	**65**	**213**	**3,796**
Additions for the year	**2**	**1**	**–**	**3**	**209**	**4**	**219**
Disposals for the year	**(113)**	**(13)**	**–**	**(8)**	**–**	**(18)**	**(152)**
Cost adjustments	**(1)**	**(1)**	**–**	**–**	**–**	**–**	**(2)**
Transfers	**56**	**–**	**–**	**8**	**(95)**	**31**	**–**
Transferred to investment properties	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
At 31 December 2022	**2,040**	**1,078**	**40**	**293**	**179**	**230**	**3,860**
ACCUMULATED DEPRECIATION							
At 1 January 2021	996	452	11	144	–	93	1,696
Provided for the year	121	52	3	15	–	24	215
Eliminated on disposals	(70)	(17)	–	(5)	–	(4)	(96)
Transfers	(9)	17	–	(8)	–	–	–
Transferred to investment properties	–	(9)	–	(6)	–	–	(15)
At 31 December 2021	**1,038**	**495**	**14**	**140**	**–**	**113**	**1,800**
Provided for the year	**118**	**36**	**4**	**15**	**–**	**27**	**200**
Eliminated on disposals	**(106)**	**(9)**	**–**	**(3)**	**–**	**(16)**	**(134)**
At 31 December 2022	**1,050**	**522**	**18**	**152**	**–**	**124**	**1,866**
CARRYING AMOUNTS							
At 31 December 2022	**990**	**556**	**22**	**141**	**179**	**106**	**1,994**
At 31 December 2021	1,058	596	27	150	65	100	1,996

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method on the following basis:

Buildings	3.1%–20% per annum
Plant and machinery	5%–20% per annum
Others (comprising of furniture and fixtures and computer equipment)	10%–33% per annum

The assessment of the recoverable amounts of the Buildings and Right-of-use assets were performed on 31 December 2022 and 2021 by the Manager with reference to the valuations carried out by Knight Frank Petty Limited, being an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The carrying amount of the relevant assets does not exceed the recoverable amount based on fair value less costs of disposal.

15. RIGHT-OF-USE ASSETS

	RMB million
As at 31 December 2022	
Carrying amount	**3,759**
As at 31 December 2021	
Carrying amount	3,932
For the year ended 31 December 2022	
Depreciation charge	**170**
For the year ended 31 December 2021	
Depreciation charge	170
Additions to right-of-use assets	2

Included in right-of-use assets are leasehold lands related to hotels and serviced apartments, and other buildings owned by the Group of RMB3,675 million (2021: RMB3,840 million) and RMB83 million (2021: RMB90 million) respectively. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

As at 31 December 2022, the carrying amounts of leasehold lands, leased properties and office equipment are RMB3,758 million, nil and RMB1 million (2021: RMB3,930 million, RMB1 million and RMB1 million) respectively.

During the year ended 31 December 2022, an amount of RMB4 million (2021: nil) after revaluation was transferred to investment properties upon end of owner-occupation.

16. INVENTORIES

	2022 RMB million	2021 RMB million
Food and beverage	**2**	2
Other consumables	**19**	22
	21	24

17. TRADE AND OTHER RECEIVABLES

	2022 RMB million	2021 RMB million
Trade receivables	**37**	20
Deposits and prepayments	**17**	14
Advance to suppliers	**8**	8
Interest receivables	**31**	46
Other receivables	**33**	37
	126	125

Trade receivables include receivables arising from leasing arrangements and receivables arising from contracts with customers. As at 31 December 2022, trade receivables arising from contracts with customers amounted to RMB17 million (2021: RMB10 million).

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

	2022 RMB million	2021 RMB million
Less than or equal to 1 month	**23**	11
1–3 months	**10**	6
Over 3 months	**4**	3
	37	20

There is no credit period given on billing for rental properties, including malls and offices, serviced apartments and hotels, except that a maximum credit period of 60 days (2021: 60 days) is granted to the travel agencies and corporate customers of the hotels. Interest is charged immediately on overdue balance at the rate of 0.05% per day in 2022 and 2021.

Hotel revenue is normally settled by cash or credit card.

17. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB30 million (2021: RMB19 million) which are past due as at the reporting date. Out of the past due balances, RMB4 million (2021: RMB3 million) has been past due 90 days or more and is not considered as in default as the Manager specifically reviewed creditability of each counterparty and considered these balances as recoverable. The exposure of credit risk is limited due to deposits received from tenants.

Trade and other receivables are denominated in RMB.

18. BANK BALANCES AND CASH

	2022 RMB million	2021 RMB million
Cash at bank or on hand	**1,825**	1,749
Time deposits (with original maturity of three months or less)	**345**	1,120
Cash and cash equivalents	**2,170**	2,869
Time deposits (with original maturity of more than three months)	**2,589**	3,011
Total	**4,759**	5,880
Average interest rate per annum is as follows:		
Bank deposits – Time deposits	**1.55% to 3.25%**	1.85% to 3.40%

Bank balances carry interest at prevailing market rates as at 31 December 2022 and 2021.

Bank balances and cash are denominated in the following currencies:

	2022 RMB million	2021 RMB million
RMB	**4,629**	5,855
Hong Kong Dollar ("HK$")	**129**	25
United States Dollar ("US$")	**1**	–
	4,759	5,880

19. TRADE AND OTHER PAYABLES

	2022	2021
	RMB million	RMB million
Trade payables	**146**	110
Receipts in advance *(Note (i))*	**193**	192
Others *(Note (ii))*	**133**	133
	472	435

Notes:

(i) Included in receipts in advance are contract liabilities amounting to RMB56 million (31 December 2021: RMB55 million), which were related to advance receipts from customers under hotels segment, and ancillary services provided in malls, offices and apartments segments. For contract liabilities relating to malls, offices and apartments segments, the Group has the right to invoice the ancillary service in advance for each month according to the terms of the relevant contracts, whereas for contract liabilities relating to hotels segment, the Group has the right to invoice hotel room revenue, food and beverage and ancillary service in advance according to terms of the relevant contracts. Revenue amounting to approximately RMB49 million recognised during the year ended 31 December 2022 (2021: RMB57 million) was related to contract liabilities balance at the beginning of the year. No revenue recognised during both years were related to performance obligation that was satisfied in prior years.

(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:

	2022	2021
	RMB million	RMB million
Less than or equal to 3 months	**92**	71
Over 3 months	**54**	39
	146	110

Trade and other payables are denominated in the following currencies:

	2022	2021
	RMB million	RMB million
HK$	**3**	1
RMB	**469**	434
	472	435

20. BANK LOANS

	2022 RMB million	2021 RMB million
Unsecured term loans	**7,861**	8,503
Loan front-end fee	**(21)**	(32)
	7,840	8,471
The maturities of the above bank loans are as follows:		
Within one year	**3,388**	1,307
More than one year but not exceeding two years	**3,740**	3,746
More than two years but not exceeding five years	**712**	3,418
	7,840	8,471
Less: Amounts shown under current liabilities	**(3,388)**	(1,307)
Amounts due after one year	**4,452**	7,164
Effective interest rate:		
Variable-rate borrowings	**2.28% to 3.53%**	1.23% to 1.63%

In relation to the credit facility of HK$800 million drawn down by the Group on 20 March 2019, the Group fully prepaid the outstanding balance of the credit facility which was HK$600 million (equivalent to RMB492 million) in February 2022.

In relation to the credit facility of HK$1,000 million drawn down by the Group on 31 August 2018, the Group fully prepaid HK$1,000 million (equivalent to RMB814 million) of the credit facility in April 2022.

In relation to the credit facility of HK$5,000 million drawn down by the Group on 30 November 2020, the Group partially prepaid HK$800 million (equivalent to RMB653 million) of the credit facility in May 2022. The total amount of the credit facility utilised by the Group as at 31 December 2022 was HK$3,000 million (equivalent to RMB2,680 million) (31 December 2021: HK$3,800 million (equivalent to RMB3,107 million)).

In relation to the revolving credit facility of HK$800 million granted to the Group on 24 June 2022 to finance the general working capital of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2022 was HK$800 million (equivalent to RMB715 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.93% per annum and is repayable in full in June 2025.

All 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

The followings 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 2021	2,441	4,385	58	6,884
Charge (credit) to profit or loss *(Note 11)*	26	(319)	47	(246)
Release upon distribution of earnings *(Note 11)*	–	–	(44)	(44)
At 31 December 2021	**2,467**	**4,066**	**61**	**6,594**
Charge (credit) to profit or loss *(Note 11)*	**10**	**(291)**	**41**	**(240)**
Release upon distribution of earnings *(Note 11)*	**–**	**–**	**(46)**	**(46)**
At 31 December 2022	**2,477**	**3,775**	**56**	**6,308**

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

At 31 December 2022, no deferred tax asset was recognised for tax losses and deductible temporary differences amounting to RMB723 million (31 December 2021: RMB542 million) and RMB1,249 million (31 December 2021: RMB1,008 million) respectively due to the unpredictability of future profit streams. The tax losses would expire within five years.

22. UNITS IN ISSUE

As at 31 December 2022, Hui Xian REIT had 6,230,359,272 (31 December 2021: 6,129,115,187) issued units.

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

	Number of units	RMB million
Balance at 1 January 2021	6,014,651,998	29,022
Payment of Manager's fees through issuance of new units during the year *(Note (i))*	56,683,071	93
Units issued pursuant to the distribution reinvestment arrangement in respect of 2020 final and 2021 interim distributions *(Note (ii))*	57,780,118	99
Balance at 31 December 2021	**6,129,115,187**	**29,214**
Payment of Manager's fees through issuance of new units during the year *(Note (i))*	**93,489,553**	**87**
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final *(Note (ii))*	**7,754,532**	**9**
Balance at 31 December 2022	**6,230,359,272**	**29,310**

Notes:

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

For the year ended 31 December 2022

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on the Trust Deed RMB	Number of units issued
17 May 2022	**1 July 2021 to 31 December 2021**	**1.02**	**44,211,265**
27 September 2022	**1 January 2022 to 30 June 2022**	**0.86**	**49,278,288**
			93,489,553

For the year ended 31 December 2021

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on the Trust Deed RMB	Number of units issued
13 May 2021	1 July 2020 to 31 December 2020	1.79	27,107,348
24 September 2021	1 January 2021 to 30 June 2021	1.52	29,575,723
			56,683,071

22. UNITS IN ISSUE (Continued)

Notes: (Continued)

(ii) On 18 May 2022, 7,754,532 scrip units at an issue price of RMB1.12 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2021 final distribution.

On 14 May 2021, 38,897,509 scrip units at an issue price of RMB1.74 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2020 final distribution.

On 27 September 2021, 18,882,609 scrip units at an issue price of RMB1.65 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2021 interim distribution.

23. 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 2022 of RMB22,728 million (2021: RMB24,455 million) and the total number of 6,230,359,272 units in issue as at 31 December 2022 (2021: 6,129,115,187 units).

24. CAPITAL RISK MANAGEMENT

The Group manages its capital with the objective of assuring its ability to continue as a going concern while maximising the return 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 50% of the total gross asset value (the "gearing ratio") as required by the REIT Code. As at 31 December 2022, the Group's gearing ratio is 20.4% (2021: 20.6%), being bank loans divided by total assets of the Group.

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2022 RMB million	2021 RMB million
Financial assets		
Amortised cost		
Trade and other receivables	**101**	103
Bank balances and cash	**4,759**	5,880
	4,860	5,983
Financial liabilities		
Amortised cost		
Trade and other payables	**279**	243
Tenants' deposits	**626**	683
Manager's fee payable *(Note)*	**13**	15
Distribution payable	**198**	160
Bank loans *(Note 20)*	**7,840**	8,471
	8,956	9,572
Unitholders' funds	**22,728**	24,455

Note: The balance excludes Manager's fee payable of RMB43 million (2021: RMB45 million) to be settled in units.

b. Financial risk management objectives and policies

The Group's major financial instruments include bank loans, trade and other receivables, bank balances and cash, trade and other payables, tenants' deposits, manager's fee payable and distribution payable. Details of the financial instruments are disclosed in respective notes.

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.

25. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to time deposits (Note 18). The Group is also 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 HK$ 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 (2021: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Manager's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2022 would increase/decrease by RMB39 million (2021: RMB43 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 other 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.

25. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Foreign currency risk *(Continued)*

At 31 December 2022 and 2021, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	2022 RMB million	2021 RMB million
Assets		
HK$	**129**	25
US$	**1**	–
Liabilities		
HK$	**7,843**	8,472

For the monetary assets denominated in US$, since the amounts are not material, the Manager considers the exposure of exchange rate fluctuation is not significant and no sensitivity analysis is presented.

The Group is mainly exposed 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 a decrease in loss 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 loss for the year.

	2022 RMB million	2021 RMB million
HK$		
Decrease or increase in loss for the year	**386**	422

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.

25. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

The carrying amounts 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.

The credit risk on liquid funds is limited because bank balances are placed with reputable financial institutions which are banks with high credit-ratings.

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 or service agreements are entered into with tenants or counterparties. In addition, the Group performs impairment assessment under ECL model on trade receivables with credit-impaired balances individually and/or collectively. In this regard, the Manager considers the Group's credit risk is significantly reduced.

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 bank balances and other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no loss allowance 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 balances 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 forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the Manager to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022 and 2021, the Group did not provide additional loss allowance for trade receivables as the amount involved is insignificant.

25. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk *(Continued)*

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 rate of 0.05% per day in 2022 and 2021. 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 loss allowance is recognised for irrecoverable debts.

There is a maximum credit period of 60 days (2021: 60 days) granted to corporate customers and travel agencies 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 loss allowance is 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 2022 and 2021.

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 2022, the Group had net current assets of RMB538 million (2021: RMB3,789 million). Taking into account of the internally generated funds and available credit facilities, the Group will be able to meet its financial obligation when they fall due.

Liquidity risk analysis

The following table details the Group's remaining contractual maturity for its financial liabilities 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 2022 RMB million
Non-derivative financial liabilities							
Trade and other payables	–	279	–	–	–	279	279
Tenants' deposits	–	118	115	138	255	626	626
Manager's fee payable	–	13	–	–	–	13	13
Distribution payable	–	–	198	–	–	198	198
Bank loans	2.64	109	3,674	3,978	733	8,494	7,840
		519	3,987	4,116	988	9,610	8,956

25. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

***Liquidity risk** (Continued)*

Liquidity risk analysis (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 2021 RMB million
Non-derivative financial liabilities							
Trade and other payables	–	243	–	–	–	243	243
Tenants' deposits	–	102	153	140	288	683	683
Manager's fee payable	–	15	–	–	–	15	15
Distribution payable	–	–	160	–	–	160	160
Bank loans	1.48	519	889	3,845	3,475	8,728	8,471
		879	1,202	3,985	3,763	9,829	9,572

Interest rate benchmark reform

As listed in Note 20, several of the Group's HIBOR bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant regulators.

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

c. Fair value

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.

26. 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 "Retirement Benefit Scheme"). The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the Retirement Benefit Scheme to fund the benefits of the employees. The principal obligation of the Group with respect to the Retirement Benefit Scheme is to make the required contributions.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF 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 MPF Scheme which is the only obligation for the Group and the same amount is matched by employees.

The Group recognised the retirement benefit costs of RMB10 million for the year ended 31 December 2022 (2021: RMB11 million).

During the years ended 31 December 2022 and 2021, the Group had no forfeited contributions under the Retirement Benefit Scheme and the MPF Scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2022 and 2021 under the Retirement Benefit Scheme and the MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

27. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group had contracted with lessees for the following future undiscounted minimum lease payments:

	2022 RMB million	2021 RMB million
Within one year	**1,442**	1,693
In the second year	**1,002**	1,178
In the third year	**622**	791
In the fourth year	**391**	461
In the fifth year	**289**	332
After five years	**375**	550
	4,121	5,005

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 (2021: 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 0.6% to 25% (2021: 0.6% to 25%).

28. CAPITAL COMMITMENTS

	2022 RMB million	2021 RMB million
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**331**	291

29. 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 the ordinary course of business and were on normal commercial terms:

Name of Connected/Related Party	*NOTES*	2022 RMB'000	2021 RMB'000
Rent and rental related income			
CK Asset Holdings Limited	(a) & (f)	**100**	99
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	**1,635**	1,546
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	**2,058**	2,022
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a) & (f)	**72**	71
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)** & (f)	**504**	499
Hotel room revenue			
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a) & (f)	**4**	–
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	**-**	13
Food & beverages and other hotel income			
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(a)** & (f)	**2**	3
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(a)** & (f)	**14**	35
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)** & (f)	**–^**	5
Interest income from connected subsidiary			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	**2,404**	427

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	*NOTES*	**2022 RMB'000**	2021 RMB'000
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(b)** & (f)	**1,136**	1,175
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	**21,820**	22,105
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	**23,526**	23,619
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	**16,715**	11,277
Internet services fee			
CK Asset Holdings Limited	(a)** & (f)	**20**	22
Trustee's fee			
DB Trustees (Hong Kong) Limited	(d)	**3,411**	3,559
Manager's fees			
Hui Xian Asset Management Limited	(b) & (f)	**116,641**	124,427
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	**59,752**	69,478
Rent & rental related expense			
Turbo Top Limited	(a)** & (f)	**463**	386

Balances with connected and related parties as at 31 December 2022 and 2021 are as follows:

Name of Connected/Related Party	*NOTES*	**2022 RMB'000**	2021 RMB'000
Loan receivable			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	**71,000**	35,000

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	NOTES	2022 RMB'000	2021 RMB'000
Deposits placed with the Group for the lease of the Group properties			
CK Asset Holdings Limited	(a) & (f)	**25**	25
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(a) & (f)	**–**	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a) & (f)	**1**	1
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	**504**	474
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	**538**	506
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a) & (f)	**18**	18
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	**126**	126
Deposits paid for the lease of property			
Turbo Top Limited	(a) & (f)	**122**	112
Other payables			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	**3,553**	1,223
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	**3,752**	1,207
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	**1,701**	1,000
Hui Xian Asset Management Limited	(b) & (f)	**56,099**	60,205
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	**7,208**	8,816
Other receivable			
Hui Xian Asset Management Limited	(b) & (f)	**99**	80
Receipts in advance			
CK Asset Holdings Limited	(a) & (f)	**9**	9
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a) & (f)	**6**	6
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	**8**	7
Prepayment			
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	**2,850**	2,850

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes:

(a) These companies are associates[1] of Noblecrown which is a substantial holder[2] of Hui Xian REIT, and/or are subsidiaries or associates[1] of CK Asset Holdings Limited (being an associate[1] of Noblecrown which is a substantial holder[2] of Hui Xian REIT).

(b) This company is the manager of Hui Xian REIT.

(c) This company is an associate[1] or subsidiary of the Manager.

(d) This company is the trustee of Hui Xian REIT.

(e) This company is a connected subsidiary[4] of Hui Xian REIT by virtue of CK Asset Holdings Limited, (being an associate[1] of Noblecrown which is a substantial holder[2] of Hui Xian REIT), which at the same time holds more than 10% of the voting power of this company.

(f) These companies are subsidiaries or associates[1] of CK Asset Holdings Limited and are also related parties[3] of Hui Xian REIT.

[1] The term “associate” is defined under the Listing Rules.

[2] As defined in the REIT Code, a unitholder is a substantial holder if it is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Hui Xian REIT or any of its subsidiaries.

[3] The term “related party” is defined in HKAS 24 *Related Party Disclosures* issued by the HKICPA.

[4] The term “connected subsidiary” is defined under the Listing Rules.

* The English name is shown for identification purpose only.

** During the reporting period, these connected transactions were subject to certain waiver conditions imposed by the SFC and became fully exempt from disclosure, reporting and annual review requirements pursuant to the exemptions under Chapter 14A of the Listing Rules.

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

30. 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 Directly 2022	Directly 2021	Indirectly 2022	Indirectly 2021	Principal activities	Name of property held
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 Co., Ltd.*	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 and serviced suites operations 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	Hyatt Regency Liberation Square Chongqing
Chengdu Changtian Co., Ltd.*	18 June 1998	Registered – RMB248,000,000	**-**	–	**69%**	69%	Hotel-operation in Chengdu, the PRC	Sheraton Chengdu Lido Hotel

* These subsidiaries are Sino-foreign cooperative joint venture established in the PRC.

These subsidiaries are wholly foreign owned enterprise established in the PRC.

30. LIST OF SUBSIDIARIES (Continued)

(ii) Details of non-wholly owned subsidiaries that have non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have 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	
		2022	2021	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million
Shenyang Lido Business Co. Ltd	Shenyang, the PRC	**30%**	30%	**(21)**	(25)	**108**	129
Chengdu Changtian Co., Ltd.	Chengdu, the PRC	**31%**	31%	**(33)**	(11)	**43**	76
				(54)	(36)	**151**	205

Summarised financial information in respect of the Group's subsidiaries that has non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2022 RMB million	2021 RMB million
Revenue	**80**	114
Expenses and taxation	**(258)**	(231)
Loss for the year	**(178)**	(117)
Loss and total comprehensive expense for the year, attributable to:		
Non-controlling interests	**(54)**	(36)
Unitholders	**(124)**	(81)
	(178)	(117)

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 both years.

31. 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 RMB million *(Note 20)*	Interest payable RMB million	Distribution payable RMB million	Total RMB million
At 1 January 2021	8,876	7	394	9,277
Financing cash flows	(184)	(108)	(705)	(997)
Exchange gain	(249)	3	–	(246)
Proposed distribution	–	–	570	570
Units in issue in respect of distributions	–	–	(99)	(99)
Interest expenses	28	100	–	128
At 31 December 2021	**8,471**	**2**	**160**	**8,633**
Financing cash flows	**(1,309)**	**(187)**	**(470)**	**(1,966)**
Exchange loss	**661**	**–**	**–**	**661**
Proposed distribution	**–**	**–**	**517**	**517**
Units in issue in respect of distributions	**–**	**–**	**(9)**	**(9)**
Interest expenses	**17**	**189**	**–**	**206**
At 31 December 2022	**7,840**	**4**	**198**	**8,042**

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

	1.1.2022 to 31.12.2022 RMB million	1.1.2021 to 31.12.2021 RMB million	1.1.2020 to 31.12.2020 RMB million	1.1.2019 to 31.12.2019 RMB million	1.1.2018 to 31.12.2018 RMB million
Revenue					
Gross rental from investment properties	**1,809**	2,018	2,022	2,383	2,412
Income from hotel operation	**166**	271	237	490	535
Income from serviced apartments operation	**171**	180	178	192	170
Rental related income	**56**	91	62	104	84
	2,202	2,560	2,499	3,169	3,201
(Loss) profit before taxation and transactions with unitholders	**(1,319)**	(185)	(833)	933	1,094
Income tax (expense) credit	**(42)**	(70)	115	(481)	(551)
(Loss) profit for the year, before transactions with unitholders	**(1,361)**	(255)	(718)	452	543
(Loss) profit for the year attributable to unitholders, before transactions with unitholders	**(1,307)**	(219)	(672)	484	574
	RMB	RMB	RMB	RMB	RMB
Basic (loss) earnings per unit	**(0.2112)**	(0.0361)	(0.1129)	0.0831	0.1012

SUMMARY OF DISTRIBUTIONS

	1.1.2022 to 31.12.2022 RMB million	1.1.2021 to 31.12.2021 RMB million	1.1.2020 to 31.12.2020 RMB million	1.1.2019 to 31.12.2019 RMB million	1.1.2018 to 31.12.2018 RMB million
Distributions to unitholders	**517**	570	520	1,273	1,517
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	**0.0834**	0.0935	0.0866	0.2177	0.2653

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2022 RMB million	31.12.2021 RMB million	31.12.2020 RMB million	31.12.2019 RMB million	31.12.2018 RMB million
Non-current assets	**33,494**	35,057	36,863	39,521	39,736
Current assets	**4,906**	6,029	5,891	6,954	6,431
Total assets	**38,400**	41,086	42,754	46,475	46,167
Current liabilities	**4,368**	2,240	1,231	3,682	3,355
Non-current liabilities, excluding net assets attributable to unitholders	**11,153**	14,186	16,230	16,523	16,120
Total liabilities, excluding net assets attributable to unitholders	**15,521**	16,426	17,461	20,205	19,475
Non-controlling interests	**151**	205	241	287	319
Net assets attributable to unitholders	**22,728**	24,455	25,052	25,983	26,373

	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	**3.6480**	3.9900	4.1651	4.4187	4.5807

PERFORMANCE TABLE

	NOTES	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Net assets attributable to unitholders *(RMB million)*		**22,728**	24,455	25,052	25,983	26,373
Net asset value per unit attributable to unitholders *(RMB)*		**3.6480**	3.9900	4.1651	4.4187	4.5807
Market capitalisation *(RMB million)*		**6,542**	8,581	10,887	19,287	18,366
Units issued *(units)*		**6,230,359,272**	6,129,115,187	6,014,651,998	5,880,262,459	5,757,337,072
Debts to net asset value ratio	1	**34.5%**	34.6%	35.4%	41.8%	37.6%
Debts to total asset value ratio	2	**20.4%**	20.6%	20.8%	23.4%	21.5%

		1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018
Highest traded unit price *(RMB)*		**1.41**	1.92	3.30	3.45	3.35
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)*		**0.79**	1.33	1.36	3.16	3.03
Highest discount of the traded unit price to net asset value per unit		**78.3%**	66.7%	67.3%	28.5%	33.9%
Distribution per unit *(RMB)*		**0.0834**	0.0935	0.0866	0.2177	0.2653
Distribution yield per unit	4	**7.94%**	6.68%	4.78%	6.64%	8.32%

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 2022 announcing, among other information, the final distribution for the period from 1 July 2022 to 31 December 2022 ("2022 Final Distribution") and the distribution reinvestment arrangement ("DRA")	3 March 2023 (Friday)
Units quoted ex-2022 Final Distribution	16 March 2023 (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")	16 March 2023 (Thursday)
Closure of register of Unitholders (for ascertaining entitlement to the 2022 Final Distribution)	20 March 2023 (Monday) to 22 March 2023 (Wednesday) (both dates inclusive)
Record date for 2022 Final Distribution	22 March 2023 (Wednesday)
Announcement in relation to the DRA	30 March 2023 (Thursday)
Despatch of circular and election form for the DRA	13 April 2023 (Thursday)
Latest time for return of election form for the DRA[1]	by 4:30 p.m., 28 April 2023 (Friday)
2023 annual general meeting[2]	11 May 2023 (Thursday)
Payment of the 2022 Final Distribution for cash distribution election	15 May 2023 (Monday)
Despatch of new unit certificates for scrip distribution election	15 May 2023 (Monday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	16 May 2023 (Tuesday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2022 Final Distribution for the period from 1 July 2022 to 31 December 2022 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 30 March 2023 (Thursday) and a circular together with the relevant election form will be delivered by post to the Unitholders on or around 13 April 2023 (Thursday). 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 28 April 2023 (Friday). 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 2023 (Monday) to 11 May 2023 (Thursday) for the purpose of ascertaining Unitholders' right to attend and vote at the 2023 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 5 May 2023 (Friday).

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

Independent Non-executive Directors
CHENG Hoi Chuen, Vincent
(passed away on 28 August 2022)
LEE Chack Fan
CHOI Koon Shum, Jonathan
YIN Ke
(appointed with effect from 12 May 2022)
WU Ting Yuk, Anthony
(appointed with effect from 2 November 2022)

BOARD COMMITTEES

Audit Committee
CHENG Hoi Chuen, Vincent
(passed away on 28 August 2022)
YIN Ke[Note 1] *(Chairman)*
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
WU Ting Yuk, Anthony
(appointed with effect from 2 November 2022)

Disclosures Committee
CHEUNG Ling Fung, Tom *(Chairman)*
IP Tak Chuen, Edmond
LEE Chack Fan

Nomination Committee[Note 2]
KAM Hing Lam *(Chairman)*
LEE Chack Fan
YIN Ke

Designated (Finance) Committee
IP Tak Chuen, Edmond *(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
Registered Public Interest Entity Auditors

PRINCIPAL VALUER

Knight Frank Petty Limited
(appointment/engagement terminated with effect from 31 December 2022)
Kroll (HK) Limited
(appointed with effect from 1 January 2023)

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

Note 1: Mr. YIN Ke was appointed as member and Chairman of the Audit Committee with effect from 12 May 2022 and 19 September 2022, respectively.

Note 2: The Nomination Committee was established on and its Chairman and members appointed with effect from 1 August 2022.

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

* The English name is shown for identification purpose only

GLOSSARY

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.*), 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 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
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
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 3 March 2023.

Hui Xian Asset Management Limited
(as the manager of Hui Xian REIT)
Unit 303, Cheung Kong Center
2 Queen's Road Central, Hong Kong

Tel: (852) 2121 1128
Fax: (852) 2121 1138
Email: info@huixianreit.com
Website: www.huixianreit.com

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