



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 2023

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 on 1 April 2011 between, amongst the others, 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 ESR Group Limited.

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CHAIRMAN'S STATEMENT

“Looking ahead, Hui Xian REIT’s hotel portfolio will likely continue to benefit from a strong rebound in domestic tourism and the business could return to pre-pandemic levels by the end of 2024.

Cognizant of some difficulties ahead, the leasing business of the retail, office and serviced apartment portfolio is expected to continue making steady progress toward recovery.”

H L KAM Chairman



DISTRIBUTION DROPPED DESPITE AN IMPROVEMENT IN NET PROPERTY INCOME

2023 was another turbulent year for the world economy. The aftereffects of the COVID-19 pandemic persisted. Many new and ongoing challenges, such as geopolitical tensions, soaring interest rates, high inflation and climate disasters also impeded a global economic recovery.

Lingering Effects of COVID-19 Pandemic

The three-year COVID-19 pandemic plunged the world economy into a contraction. Although the end of the pandemic was declared in 2023, its lingering effects continued to hinder a broad economic recovery.

Geopolitical Tensions and Climate Disasters

Wars and rising geopolitical tensions, escalating geoeconomic fragmentation as well as climate disasters continued to pose significant risks to the global economy.

Soaring Interest Rates

Since the second half of 2022, major central banks had unleashed the steepest series of interest rate increases in decades to contain inflation. Interest rates kept surging in 2023, exerting immense pressure on various sectors. Elevated borrowing costs amplified their fragilities.

Weak Global Economy

During 2023, the global economic landscape was clouded by uncertainty. The risks of global trade fragmentation increased significantly. According to the World Bank's "Global Economic Prospects" report (January 2024), global growth decelerated from 3.0% in 2022 to 2.6% in 2023.

China's Road to Recovery Bumpier than Expected

After the lifting of its anti-pandemic measures in late 2022, China's economy started to show signs of recovery. However, turmoil in the global economy and volatility of RMB exchange rate paved the road to economic recovery with obstacles. Against the Hong Kong Dollar, the RMB exchange rate as at 29 December 2023 was 1:0.90622*, representing a depreciation of 1.4% year-on-year.

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

CHAIRMAN'S STATEMENT

ANOTHER CHALLENGING YEAR FOR HUI XIAN REIT

2023 was another challenging year for Hui Xian REIT. Despite an increase in net property income (“NPI”) of RMB68 million, the combined effect of an increase of RMB193 million in interest expenses and a realised exchange loss of RMB190 million negated the NPI growth, leading to a reduction in 2023’s distributions.

(1) NPI increased RMB68 million

While the pace of recovery for Hui Xian REIT’s leasing business was slower than expected, its hotel portfolio experienced a rebound during 2023, leading to a year-on-year increase of total revenue and NPI.

Despite the challenging conditions faced by China’s property sector, Hui Xian REIT’s revenue increased from RMB2,202 million in 2022 to RMB2,345 million in 2023, an increase of RMB143 million. NPI increased from RMB1,300 million in 2022 to RMB1,368 million in 2023, an increase of RMB68 million.

	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022	YoY Increase	Percentage Increase
Total Revenue (<i>RMB million</i>)	2,345	2,202	+143	+6.5%
Net Property Income (<i>RMB million</i>)	1,368	1,300	+68	+5.3%

(2) Interest Expenses Increased RMB193 million

High inflation in many countries has prompted the most aggressive interest rate hike cycle in decades. Global interest rates kept surging since the second half of 2022 and stayed at a high level throughout 2023. Rising interest expenses became a top concern.

Hui Xian REIT’s debts are denominated in Hong Kong Dollar and are linked to the Hong Kong Interbank Offered Rate (“HIBOR”) which had increased substantially over the year. As at 31 January 2023, 1-month HIBOR was 2.7057%. On 29 November 2023, 1-month HIBOR was 5.6595%, hitting its highest level since 2007. The average rate between July and December 2023 was around 5.0%.

Consequently, Hui Xian REIT’s interest expenses increased from RMB206 million in 2022 to RMB399 million in 2023, an increase of RMB193 million. Interest expenses were one of the major expenses for Hui Xian REIT.

Sources of HIBOR: The Hong Kong Association of Banks’ website

(3) Realised Exchange Loss of RMB190 million

Hui Xian REIT’s revenue is in RMB while debts are denominated in Hong Kong Dollar. Its distributions are sensitive to RMB exchange rate movements when there is a loan repayment. A realised exchange loss of approximately RMB190 million was incurred in 2023 in relation to loan repayment and settlement. As a comparison, a realised exchange gain of RMB22 million was recorded in 2022.

FULL YEAR DPU DECREASED BY 56.7% YEAR-ON-YEAR

In 2023, certain treasury items, particularly the increase in interest expenses and a realised exchange loss, exceeded the NPI increase, leading to a year-on-year decrease in distributions.

Total Amount Available for Distribution for 2023 was RMB227 million (2022: RMB575 million).

Distributions to Unitholders for 2023 was RMB227 million at a payout ratio of 100%, compared to RMB517 million at a payout ratio of 90% for 2022. Distribution per unit ("DPU") for 2023 was RMB0.0361 (2022: RMB0.0834).

The above treasury items had a larger impact on the second half of 2023. Final distribution per unit ("final DPU") for the six months ended 31 December 2023 was RMB0.0013 (2022: RMB:0.0318). The final DPU will be paid on 28 May 2024, Tuesday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 27 March 2024, Wednesday.

	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022	YoY Variance	Percentage Change
Net Property Income (<i>RMB million</i>)	1,368	1,300	+68	+5.3%
Amount Available for Distribution (<i>RMB million</i>)	227	575	-348	-60.5%
Distributions to Unitholders (<i>RMB million</i>)	227	517	-290	-56.1%
Distribution per Unit (<i>RMB</i>)	0.0361	0.0834	-0.0473	-56.7%

NPI IMPROVED BY 5.3%, DRIVEN BY HOTEL PORTFOLIO

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.

Hui Xian REIT's NPI increased from RMB1,300 million in 2022 to RMB1,368 million in 2023, an increase of 5.3% year-on-year. The increase was attributed to a higher contribution from the hotel portfolio as pent-up demand for domestic travel was unleashed after the pandemic.

HOTEL PORTFOLIO – A VISIBLE RECOVERY

2023 marked a turning point for China's hotel industry after three devastating years of the pandemic. China's domestic tourism market started to rebound after the pandemic and travel restrictions were removed.

According to the Chinese Ministry of Culture and Tourism, the number of domestic trips taken in 2023 increased 93% year-on-year and domestic travel spending increased 140% year-on-year.

International travel was still in the initial stage of recovery as the frequency of international flights to and from China had not fully returned to the pre-pandemic levels. According to China's National Immigration Administration, the number of inbound visits was 210 million in 2023, 63% of the pre-pandemic figure in 2019.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China. Occupancy and room rates of all four hotels witnessed a notable improvement during 2023. Revenue rose to approximately 80% of 2019's pre-pandemic level. The NPI was RMB34 million, an increase of RMB132 million as compared to a negative NPI of RMB98 million in 2022.

CHAIRMAN'S STATEMENT

Sheraton Chengdu Lido Hotel – Room Rate Increased by 34%

Chengdu's domestic business and leisure travel recovered quickly during 2023.

The average occupancy rate at Sheraton Chengdu Lido Hotel increased from 39.5% in 2022 to 64.6% in 2023. Average room rate per night increased from RMB433 in 2022 to RMB579 in 2023, an increase of 33.7% year-on-year.

Hyatt Regency Metropolitan Chongqing – Occupancy Increased by 32 percentage points

Chongqing is a popular travel destination and its domestic tourism industry showed signs of a strong recovery during 2023.

At Hyatt Regency Metropolitan Chongqing, the average occupancy rate increased from 43.1% in 2022 to 75.5% in 2023. Average room rate per night increased from RMB535 in 2022 to RMB668 in 2023.

Grand Hyatt Beijing – Room Rate Increased by 62%, Exceeding Pre-Pandemic Levels

While international travel was constrained by the limited international flights, Beijing's domestic travel has staged a recovery since the second quarter of 2023.

Grand Hyatt Beijing's average occupancy rate increased from 16.5% in 2022 to 42.0% in 2023. Average room rate per night increased 62.0% from RMB981 in 2022 to RMB1,589 in 2023, exceeding the 2019 pre-pandemic level of RMB1,271.

The Westin Shenyang – Introducing The Westin Brand to Shenyang

The Manager signed an agreement with Marriott International to introduce The Westin brand to Shenyang in March 2023. The hotel was formerly known as Sofitel Shenyang Lido.

The Westin Shenyang succeeded in building up brand awareness in the first ten months after the rebranding. Average occupancy rate increased from 31.1% in 2022 to 51.6% in 2023. Average room rate per night increased from RMB449 in 2022 to RMB557 in 2023.

RETAIL PORTFOLIO – POST-COVID RECOVERY SLOWER THAN EXPECTED

During 2023, consumers in China were still wary of spending due to the uncertain macroeconomic environment. A weak real estate market and stock market also weighed on consumer spending.

Many retailers in China had suffered severe business disruptions and a sharp downturn in revenue during the pandemic. Retail shops faced cash flow and supply chain issues, as well as keen competition from online shopping. Some brands were forced to reduce their number of stores or terminate their leases before expiration. Retailers were taking a cautious approach towards lease renewal, let alone expansion.

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 NPI during 2023 was RMB473 million (2022: RMB522 million).

At The Malls at Beijing Oriental Plaza, average occupancy rate was 91.7% (2022: 93.6%). Average monthly passing rent was RMB724 (2022: RMB750) per square metre. During 2023, new lease and renewal terms were mostly concluded at negative reversion rates, continuing to impact The Malls financially.

The Mall at Chongqing Metropolitan Oriental Plaza continued its comprehensive asset enhancement programme, impacting occupancy rate and rental income.

OFFICE PORTFOLIO – UNCERTAIN GLOBAL OUTLOOK WEIGHS ON LEASING MARKET

Throughout 2023, the office leasing market remained weak. Corporations remained cost-conscious and hesitant to commit to leases as uncertainty permeated the business environment.

During the pandemic, many office workers in China worked from home. After the pandemic, many corporations continued to adopt “work-from-home” or hybrid work models. Such behavioral shifts continued to steer corporate decision-making and hinder demand for office space moving forward.

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. During 2023, the NPI was RMB779 million (2022: RMB793 million).

In Beijing, leasing demand for office space did not see a notable improvement as the market continued to witness a substantial influx of new office stock. The overall new supply of Grade A office in Beijing in 2023 increased approximately 2.8 times over 2022. Vacancy rates increased to 20.4%¹ in the last quarter of 2023, the highest in 13 years.

At The Tower Offices at Beijing Oriental Plaza, the average monthly passing rent was RMB267 (2022: RMB265) per square metre. The average occupancy rate was 85.4% (2022: 87.8%).

In Chongqing, office leasing demand remained weak. Vacancy rate was 32.6%² in the last quarter of 2023. Pressured by higher vacancy rates, landlords continued to offer competitive leasing incentives. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 80.6% (2022: 79.2%), and average monthly passing rent was RMB89 (2022: RMB93) per square metre.

Sources:

1. Savills Research, “Market in Minutes – Beijing Office”, January 2024
2. Cushman & Wakefield, “2023年重慶商業及物流地產市場回顧與展望”, January 2024

SERVICED APARTMENT PORTFOLIO – DOMESTIC MARKET REMAINED THE KEY DEMAND DRIVER

Similar to the dynamics in the hotel industry, the domestic market has remained the key demand driver for serviced apartment leasing in China. New expatriate arrivals have not returned to pre-pandemic levels.

During 2023, the NPI of Hui Xian REIT's serviced apartment portfolio was RMB82 million (2022: RMB83 million). Average occupancy rates of The Tower Apartments at Beijing Oriental Plaza and The Westin Residences Shenyang were 83.8% (2022: 81.4%) and 45.6% (2022: 50.7%) respectively.

FINANCIAL POSITION

Hui Xian REIT's total debt was reduced from RMB7,840 million as at 31 December 2022 to RMB6,601 million as at 31 December 2023.

Debts to gross asset value ratio was down from 20.4% as at 31 December 2022 to 18.2% as at 31 December 2023. Bank balances and cash on hand decreased from RMB4,759 million as at 31 December 2022 to RMB3,470 million as at 31 December 2023.

In spite of a relatively low gearing ratio, Hui Xian REIT's financial position was affected by elevated interest rates and RMB exchange rate volatility.

CHAIRMAN'S STATEMENT

Hui Xian REIT's debts are denominated in Hong Kong Dollar and are linked to HIBOR, which has increased substantially over the year and stayed at a high level throughout 2023. 1-month HIBOR was 2.7057% as at 31 January 2023 while it was 5.2681% as at 29 December 2023. Interest expenses increased from RMB206 million in 2022 to RMB399 million in 2023, an increase of 94% year-on-year.

A realised exchange loss of approximately RMB190 million was incurred in 2023, compared to a realised exchange gain of RMB22 million in 2022.

OUTLOOK – RECOVERY TRAJECTORY REMAINS UNCERTAIN

In 2024, the global economy is expected to face the challenges that persisted throughout 2023. The lingering effects of the pandemic, ongoing geopolitical tensions, escalating geoeconomic fragmentation, and rising scale of climate disasters will continue to pose significant risks to the world economy.

As we entered 2024, the financial landscape continued to be dominated by high interest rates and persistent inflation. The higher-for-longer interest rate environment will continue to put pressure on corporations. According to the World Bank, global economic growth in 2024 is projected to slow for a third consecutive year, dipping to 2.4% from 2.6% in 2023. This would mark the weakest half-decade of GDP growth in 30 years.

The Chinese economy is in recovery mode with anticipation of some bumps ahead. The government is expected to roll out fresh stimulus policies to further boost consumer sentiment and facilitate the nascent economic recovery.

Looking ahead, Hui Xian REIT's hotel portfolio will likely continue to benefit from a strong rebound in domestic tourism and the business could return to pre-pandemic levels by the end of 2024.

Cognizant of some difficulties ahead, the leasing business of the retail, office and serviced apartment portfolio is expected to continue making steady progress toward recovery.

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.

H L KAM

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 8 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

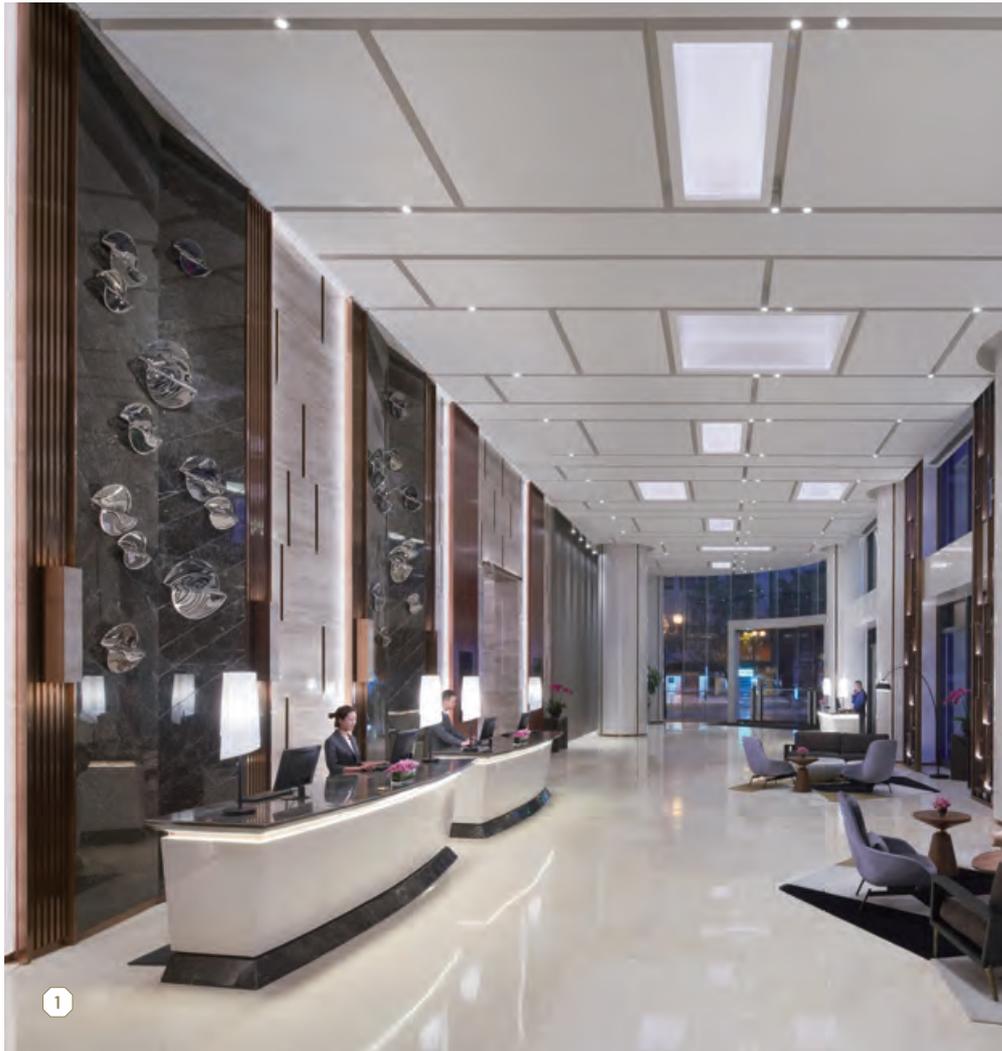
PORTFOLIO HIGHLIGHTS

As at 31 December 2023, 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 shareholder 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 limited liability company established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of The Westin Shenyang (formerly known as 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 重慶東廣大都會酒店有限公司 (Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd.#), which holds the land use rights and building ownership rights of Hyatt Regency Metropolitan Chongqing (formerly known as 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 Metropolitan Chongqing, Chongqing
The Westin Shenyang, Shenyang
Sheraton Chengdu Lido Hotel, Chengdu



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

- 1 HYATT REGENCY METROPOLITAN CHONGQING
- 2 GRAND HYATT BEIJING

HOTEL PORTFOLIO



3



4

OPERATIONS REVIEW

Hotel Portfolio

Following the removal of anti-pandemic measures and travel restrictions, China saw a rebound in domestic travel. According to the Chinese Ministry of Culture and Tourism, the number of China's domestic travel trips in 2023 were 4.9 billion, an increase of 93.3% year-on-year. Domestic travel spending was over RMB4.9 trillion, up by 140% year-on-year.

China's hotel industry remained heavily relied on domestic travel. International travel was still in the early stage of recovery as the frequency of international flights to and from China was not back to pre-pandemic level yet. The pace of recovery of cities that typically rely on more international travel, including Beijing, was relatively slower than those which used to be more reliant on domestic travel.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China: Grand Hyatt Beijing at Beijing Oriental Plaza, Hyatt Regency Metropolitan Chongqing, The Westin Shenyang (70% interest), and Sheraton Chengdu Lido Hotel (69% interest).

All four hotels witnessed significant improvement in their occupancy and room rates during 2023. Revenue was RMB390 million (2022: RMB166 million), and NPI was RMB34 million (2022: negative RMB98 million).

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

Chengdu's business and leisure travel recovered quickly during 2023 after the removal of anti-pandemic measures.

Sheraton Chengdu Lido Hotel's average occupancy was increased to 64.6% in 2023 (2022: 39.5%); average room rate per night was RMB579 (2022: RMB433).

(ii) Hyatt Regency Metropolitan Chongqing

Chongqing is a popular domestic tourism city. During 2023, the average occupancy rate of Hyatt Regency Metropolitan Chongqing was increased to 75.5% (2022: 43.1%), and average room rate per night was RMB668 (2022: RMB535).

(iii) Grand Hyatt Beijing

Grand Hyatt Beijing's business has started to improve since the second quarter of 2023, primarily driven by domestic business and leisure travel. International business travellers had been an important source of revenue for Grand Hyatt Beijing, and this market has not fully recovered to pre-pandemic level yet.

During 2023, the hotel's average occupancy rate was 42.0% (2022: 16.5%). Average room rate per night increased by 62.0% year-on-year to RMB1,589 (2022: RMB981). The 2023's room rate also surpassed the pre-pandemic level of RMB1,271 in 2019.

(iv) The Westin Shenyang (70% interest)

Hui Xian REIT's hotel in Shenyang has been rebranded as The Westin Shenyang in March 2023 (formerly known as Sofitel Shenyang Lido) under the management of Marriott International. Average occupancy rate increased to 51.6% (2022: 31.1%), and average room rate per night was RMB557 (2022: RMB449).



- 3 THE WESTIN SHENYANG
- 4 HYATT REGENCY METROPOLITAN CHONGQING
- 5 GRAND HYATT BEIJING
- 6 SHERATON CHENGDU LIDO HOTEL



RETAIL

PORTFOLIO



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



Hui Xian REIT's retail portfolio consists of two large-scale shopping centres: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza; 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.

RETAIL PORTFOLIO



3

Retail Portfolio

Hui Xian REIT's retail portfolio comprises 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 2023, revenue was RMB720 million (2022: RMB779 million) and NPI was RMB473 million (2022: RMB522 million).

(i) The Malls at Beijing Oriental Plaza

During 2023, revenue of The Malls at Beijing Oriental Plaza was RMB698 million (2022: RMB725 million) and NPI was RMB497 million (2022: RMB526 million). Average monthly passing rent was RMB724 (2022: RMB750) per square metre. Average occupancy rate was 91.7% (2022: 93.6%).

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

The Mall at Chongqing Metropolitan Oriental Plaza continued its comprehensive asset enhancement programme, and its occupancy and rental income were inevitably affected. Average occupancy rate was 37.2% (2022: 64.4%); and average monthly passing rent was RMB56 (2022: RMB114) per square metre.



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



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

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

1 2 THE TOWER OFFICES AT BEIJING ORIENTAL PLAZA

OFFICE PORTFOLIO**Office Portfolio**

In 2023, many corporations in China have remained cost cautious in the face of an uncertain global economic recovery. The wider adoption of work-from-home and hybrid work mode also affected leasing demand. Leasing momentum during 2023 has stayed relatively subdued, in turn exerting further pressure on the rental and occupancy levels.

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 RMB1,066 million (2022: RMB1,086 million) and NPI was RMB779 million (2022: RMB793 million).

(i) The Tower Offices at Beijing Oriental Plaza

Expectations of slower economic recovery and conservative business expansion plans had led to sluggish leasing demand for office space in Beijing. During 2023, Beijing's office market saw substantial new supply. Many new projects originally scheduled to enter the market in late 2022 have been delayed until 2023/4 due to the pandemic.

Vacancy rate in Beijing continued to increase in 2023. Over one-fifth¹ of Grade A office buildings in the capital city were vacant as at the end of 2023, the highest vacancy rate in 13 years.

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 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 2023, revenue of The Tower Offices was RMB1,021 million (2022: RMB1,040 million). NPI was RMB754 million (2022: RMB767 million). Average occupancy rate was 85.4% (2022: 87.8%). Average monthly passing rent was RMB267 (2022: RMB265) per square metre while average monthly spot rent was RMB250 (2022: RMB293) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was 32.6%² in the last quarter of 2023. New leasing demand was weak, largely due to the uncertain business environment.

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 2023, revenue was RMB45 million (2022: RMB46 million) and NPI was RMB25 million (2022: RMB26 million). Average occupancy rate was 80.6% (2022: 79.2%). Average monthly passing rent was RMB89 (2022: RMB93) per square metre, while average monthly spot rent was RMB85 (2022: RMB90) per square metre.

Sources:

1. Savills Research, "Market in Minutes – Beijing Office", January 2024
2. Cushman & Wakefield, "2023年重慶商業及物流地產市場回顧與展望", January 2024



3 4 6 THE TOWER OFFICES AT BEIJING ORIENTAL PLAZA

5 THE TOWER AT CHONGQING METROPOLITAN ORIENTAL PLAZA

SERVICED APARTMENT PORTFOLIO



**The Tower Apartments at Beijing Oriental Plaza
The Westin Residences Shenyang**



The Tower Apartments at Beijing Oriental Plaza features a variety of elegantly appointed apartment units. 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 Beijing Oriental Plaza complex, which offers tenants the utmost convenience of city living in a tranquil environment.

With a dedicated entrance, lobby and exclusive guest lifts, tenants of The Westin Residences Shenyang can enjoy a new level of privacy, comfort and convenience.

1 THE WESTIN RESIDENCES SHENYANG

2 THE TOWER APARTMENTS AT BEIJING ORIENTAL PLAZA

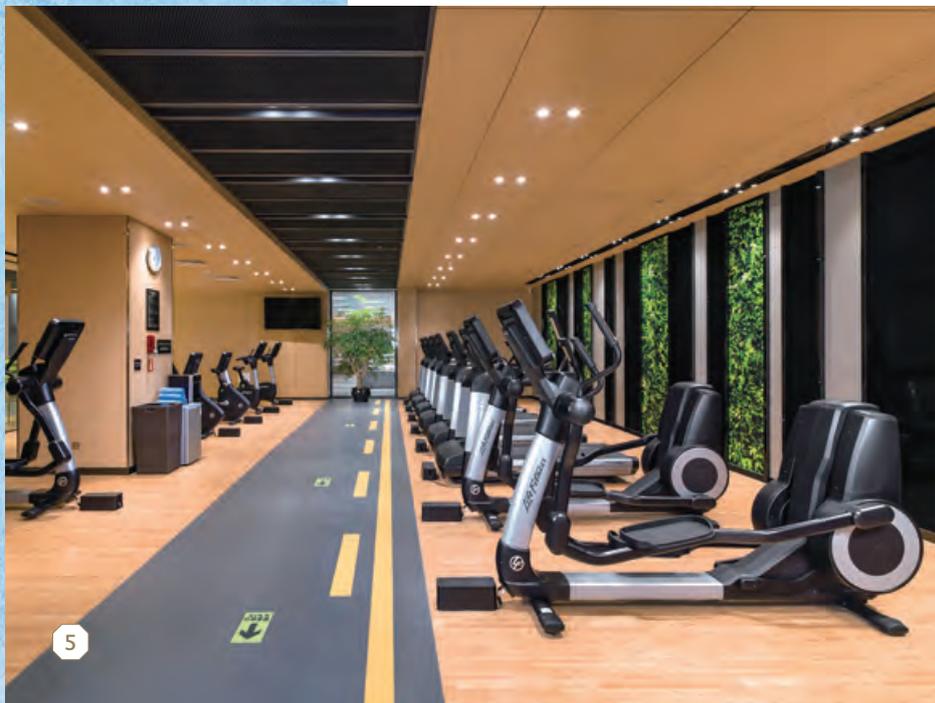


Serviced Apartment Portfolio

During 2023, revenue of Hui Xian REIT's serviced apartment portfolio was RMB169 million (2022: RMB171 million); and NPI was RMB82 million (2022: RMB83 million). Average occupancy rates of The Tower Apartments at Beijing Oriental Plaza was 83.8% (2022: 81.4%). At The Westin Residences Shenyang (formerly known as The Residences at Sofitel Shenyang Lido), average occupancy rate was 45.6% (2022: 50.7%).



MANAGEMENT DISCUSSION AND ANALYSIS
SERVICED APARTMENT PORTFOLIO



- 3 THE TOWER APARTMENTS AT BEIJING ORIENTAL PLAZA
- 4 5 THE WESTIN RESIDENCES SHENYANG

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,368 million for the year ended 31 December 2023.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB8 million (“2023 Final Distribution”) to Unitholders for the period from 1 July 2023 to 31 December 2023. The 2023 Final Distribution which will be paid in RMB represents 100% of Hui Xian REIT’s total amount available for distribution during the period from 1 January 2023 to 31 December 2023, less interim distribution of RMB219 million which has been distributed to Unitholders of Hui Xian REIT on 27 September 2023 for the period from 1 January 2023 to 30 June 2023. In total, Hui Xian REIT will distribute a total of RMB227 million to Unitholders for the year ended 31 December 2023. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB227 million (2022: RMB517 million).

Distribution per Unit

The final DPU for the period from 1 July 2023 to 31 December 2023 is RMB0.0013 based on the number of outstanding Units on 31 December 2023. Together with the interim DPU of RMB0.0348, Hui Xian REIT provides a total DPU of RMB0.0361 for the year ended 31 December 2023.

Closure of Register of Unitholders

The record date for the 2023 Final Distribution will be 27 March 2024, Wednesday (“Record Date”). The Register of Unitholders will be closed from 25 March 2024, Monday to 27 March 2024, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 28 May 2024, Tuesday, to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2023 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 22 March 2024, Friday.

Pursuant to the Trust Deed, in the event that any distribution is not claimed by unitholder(s) of Hui Xian REIT entitled thereto within six years after the date of declaration of such distribution, such distribution shall be forfeited and transferred to the assets of Hui Xian REIT.

Debt Positions

In May 2023, Hui Xian Investment Limited (“Hui Xian Investment”) drew down an unsecured 3-year revolving loan of HK\$800 million offered by Oversea-Chinese Banking Corporation Limited. The purpose of the facility was to refinance the existing credit facility granted in April 2020.

In July 2023, Hui Xian Investment partially prepaid HK\$1,500 million of an unsecured 3-year revolving loan which was drawn down in November 2020. In November 2023, Hui Xian Investment Limited drew down an unsecured 3-year term loan of HK\$1,500 million offered by The Bank of East Asia, Limited, Bank of China (Hong Kong) Limited, DBS Bank (Hong Kong) Limited and China Construction Bank (Asia) Corporation Limited. The purpose of the facility was to refinance the outstanding balance of the existing credit facility granted in November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023, Hui Xian REIT's total debts amounted to RMB6,601 million (31 December 2022: RMB7,840 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB22,084 million as at 31 December 2023 (31 December 2022: RMB22,728 million), Hui Xian REIT's debts to net asset value ratio decreased to 29.9% (31 December 2022: 34.5%). Meanwhile, the debts to gross asset value ratio was 18.2% as at 31 December 2023 (31 December 2022: 20.4%).

Bank Balances and Asset Positions

As at 31 December 2023, Hui Xian REIT's bank balances and cash amounted to RMB3,470 million (31 December 2022: RMB4,759 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed as at the year end date.

Pursuant to the requirements of the Code on Real Estate Investment Trusts ("REIT Code"), Knight Frank Petty Limited retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. Kroll (HK) Limited ("Kroll") was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 31 December 2023.

Hui Xian REIT is indirectly interested in a 132,584 square metre shopping centre, eight blocks of Grade A office, three serviced apartment towers and a five-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

Kroll valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB24,651 million as at 31 December 2023 (31 December 2022: RMB25,058 million), translating into a decrease of 1.6% over the valuation as of 31 December 2022. The hotel and serviced apartment premises were valued at RMB4,610 million as at 31 December 2023 (31 December 2022: RMB4,845 million). The total valuation of Beijing Oriental Plaza was RMB29,261 million (31 December 2022: RMB29,903 million), while the total gross property value of the properties was RMB28,756 million as at 31 December 2023, as compared to RMB29,299 million as at 31 December 2022.

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 2023, the shopping centre, office building and car parking spaces were valued by Kroll at RMB2,480 million (31 December 2022: RMB2,840 million). Gross property value of the properties as at 31 December 2023 was RMB2,450 million (31 December 2022: RMB2,786 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Kroll valued the hotel premises of Hyatt Regency Metropolitan Chongqing at RMB405 million as at 31 December 2023 (31 December 2022: RMB446 million). Gross property value of hotel premises as at 31 December 2023 was RMB272 million (31 December 2022: RMB299 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.

Kroll valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB583 million as at 31 December 2023 (31 December 2022: RMB622 million). Gross property value of hotel premises as at 31 December 2023 was RMB532 million (31 December 2022: RMB507 million).

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

Kroll valued the hotel and serviced apartment premises of Shenyang Lido at RMB673 million as at 31 December 2023 (31 December 2022: RMB709 million). Gross property value of the hotel and serviced apartment premises as at 31 December 2023 was RMB509 million (31 December 2022: RMB494 million).

Net Assets Attributable to Unitholders

As at 31 December 2023, net assets attributable to Unitholders amounted to RMB22,084 million (31 December 2022: RMB22,728 million) or RMB3.4762 per Unit, representing a 282.0% premium to the closing unit price of RMB0.91 on 29 December 2023 (31 December 2022: RMB3.6480 per Unit, representing a 247.4% premium to the closing unit price of RMB1.05 on 31 December 2022).

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 2023, except for capital commitment in respect of the asset enhancement programmes for Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel and Chongqing Metropolitan Oriental Plaza, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2023, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 866 employees in Hong Kong and the PRC, of which 837 employees performed hotel operation functions and services, and 29 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 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

TOP 5 CONTRACTORS

Contractors	Nature of services	Value of contract (RMB'000)	Percentage
廣州市第三建築裝修有限公司	Renovation	67,015	9.4%
中國建築裝飾集團有限公司	Renovation	60,983	8.6%
Beijing Hui Xian Enterprise Services Limited	Property management	56,648	7.9%
四川省工業設備安裝集團有限公司	Renovation	47,353	6.6%
北京老兵安衛保安服務有限公司	Property management	27,808	3.9%
		259,807	36.4%

TOP 5 REAL ESTATE AGENTS

Real estate agents	Nature of services	Commission paid (RMB'000)	Percentage
北京戴德梁行諮詢有限公司	Leasing	7,146	26.0%
攜程計算機技術(上海)有限公司	Leasing	5,590	20.3%
仲量聯行(北京)房地產諮詢有限公司	Leasing	2,242	8.1%
北京世邦魏理仕物業管理服務有限公司	Leasing	1,312	4.8%
北京嘉園房地產經紀有限公司	Leasing	807	2.9%
		17,097	62.1%

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 C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX”) (“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 2023 (“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 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”)
- The Westin Shenyang (“SYW”)
- Hyatt Regency Metropolitan 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 are embedded with a four-pillar sustainability strategy which generates shared benefits for our stakeholders and community in the 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
-

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sustainability Management

The Board of the Manager (the “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. The Board also reviews and ranks ESG-related issues, guiding 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 Climate Risk Policy incorporated climate-related considerations into Hui Xian REIT’s investment strategies, risk management procedures and portfolio management processes.



Preparing for Sustainable Finance

In response to the growing concerns and increasing scrutiny of stakeholders regarding critical issues such as climate change and resource scarcity, Hui Xian REIT has made a steadfast commitment to enhancing its sustainability performance and integrating sustainable principles into its everyday operations.

During the Reporting Period, we pursued the development of Hui Xian REIT’s first sustainability-linked loan framework as a crucial step towards aligning our financial activities with our sustainability goals. The framework is aligned with the internationally recognised Sustainability-Linked Loan Principles set forth by the Loan Market Association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Engagement

We engage with our stakeholders regularly through various communication channels such as surveys and interviews to gather feedback and evaluate sustainability issues, so as to assess areas at risk, including climate-related risks. We highly emphasise incorporating stakeholder perspectives into decision-making processes and effectively address their concerns. The principal engagement methods are:

Key stakeholders	Engagement methods
Unitholders	<ul style="list-style-type: none"> • Investor meetings • Annual general meeting and other general meetings • Annual and interim reports • Investor relations website page and general line
Employees	<ul style="list-style-type: none"> • Online surveys • Meetings/trainings • Employee activities • Interviews
Tenants	<ul style="list-style-type: none"> • Meetings • Interviews • Helpdesk • Online surveys
Customers	<ul style="list-style-type: none"> • Satisfaction surveys • Hotline • Website and social media
Suppliers	<ul style="list-style-type: none"> • Assessments and audits • Supplier selection
Charity partners	<ul style="list-style-type: none"> • Philanthropic activities
Property and Hotel Managers	<ul style="list-style-type: none"> • Regular meetings

Following a review of our sustainability strategy between the Board and our stakeholders, we have identified the following ten aspects with the highest priorities.

Sustainability aspect	Prioritised topic
Environmental practices	<ul style="list-style-type: none"> • Energy conservation • Water conservation • Environmental impact mitigation • Waste management
Employment and labour practices	<ul style="list-style-type: none"> • Employee career development • Occupational health and safety
Operating practices	<ul style="list-style-type: none"> • Anti-corruption and anti-bribery • Service quality • Intellectual property rights • Customer data privacy

In response to expectations and feedbacks from stakeholders, material climate-related risks including legal and policy risks, tropical cyclones and coastal flooding have been identified. We have established the Climate Risk Policy to mitigate climate risks and enhance our resilience to climate change, and various measures have been implemented. For further information, please refer to the Responding to Climate Change section.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MAINTAINING OUR ETHICS AND INTEGRITY

We place the utmost importance on responsibility and ethics. Our core values revolve around upholding exceptional professionalism and ethical standards, which serve as the bedrock of our business operations and partnerships.

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 obligations towards business integrity. We abide by global anti-corruption, global trade sanctions and other regulations formulated by Asset Companies, and closely supervise violations of discipline. To eliminate any ambiguity around contentious behaviours such as gift handling, we regularly provide anti-corruption and anti-bribery training to directors and employees across our Asset Companies to raise their awareness towards the subject matter. We extend the same level of expectation to our suppliers.

While we prioritise a culture of transparency and accountability within Asset Companies, we have established a whistleblowing mechanism to maintain best practice in corporate governance. We actively encourage employees to contact their supervisors or express their concern regarding any misconduct such as bribery or corruption via the well-established communication channels on an anonymous and confidential basis. To protect whistle-blowers from any form of retaliation, formal procedures are in place to ensure all whistle-blowing reports are handled with utmost care and fairness. Thorough investigation and appropriate measures are in place to address the concerns raised. In the meantime, all information received from the whistle-blower and the identity will be kept confidential.

We have implemented several initiatives to closely supervise violations of discipline. For example, COH conducts accounts check daily in accordance with the established work procedures, including verifying cash receipts on a transaction-by-transaction basis. Additionally, COH manages reserves and carries out spot checks to further enhance financial oversight. Furthermore, we have extended our commitment to anti-bribery and anti-corruption to our suppliers, in which COH requires all suppliers to sign a commitment letter and provide compliance qualifications, including business licenses, account opening bank licenses, etc. No reported legal dispute regarding corruption brought against our suppliers was reported during the Reporting Period.

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 (2022: no legal case).

Enhancing Customer Service

Our primary focus is on delivering high-quality service that meets our customers' needs and complies 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 timely responding to our customers' needs and to enhance our service quality. For instance, COH manages guest information, to understand and acknowledge guests' preferences and habits. This information is shared and acted upon within the service team, resulting in a high guest satisfaction score of 83 out of 100, based on COH's internal scoring criteria. Additionally, BOP leverages social media platforms to enhance convenience for all residents, and provide them with the latest information about the apartment, such as announcements on insect control, exterior wall cleaning, regular maintenance of equipment and facilities in the apartment, and shop construction noise, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure a comprehensive understanding and raise awareness of intellectual property rights, we have conducted trainings on the Tort Law of the People's Republic of China for our employees. Our hotels are committed to using only photos, with usage rights, from picture libraries. COH strictly abides by "Video/Photographer Creation Agreement" from Hyatt Corporation on how to use promotional images to prevent infringement. COP requires all photos, videos and text content for external publicity to be reviewed by the Marketing Communications Department before they can be released.

Maintaining high-quality service that aligns with our expectations is of the utmost importance to us. To achieve this, our Asset Companies evaluate the service quality, product quality and after-sales service quality of suppliers on an annual basis. We have set requirements for 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 inquiries are handled with care in an efficient and timely manner. In addition, BOP has undertaken several renovation projects to enhance the experience and comfort of tenants within its commercial buildings, including improvements to washrooms and public areas.

Resolving Complaints

We highly value the feedback and input of our guests. We actively encourage our guests to share their experience, provide feedback, and offer suggestions to improve our services. Customers can raise their concerns or requests regarding any aspects in person or, over the phone, by mail or email. We are dedicated to promptly and effectively addressing customer feedback. We strive to address negative comments within 48 hours. COH and SYW are particularly proactive in this area, as the sales and marketing department regularly collects comments from travelling websites, and shares them to relevant departments promptly for further improvement. Feedback from guest satisfaction surveys and online reviews is also shared daily within the team by dedicated personnel.

During the Reporting Period, 1,512 complaints (2022: 1,434) were received by our Asset Companies. The majority of complaints are related to discomfort caused by the air-conditioning temperature. Upgrades to the air-conditioning system are covered in the section Energy Efficiency and Greenhouse Gas Emissions.

Prioritising Customer Health and Safety

The health and safety of our customers is our foremost priority. We are fully committed to creating an environment that promotes their well-being and ensures their safety throughout their experience with us. To achieve this, we are committed to complying with all relevant laws and regulations relating to customers' health and safety.

During the Reporting Period, we implemented a number of measures to safeguard the safety of our customers. SYW upgraded the analog video signal cameras, extending the storage capacity to three months, catering to the needs of the government and ensuring the provision of clear and abundant video evidence for security investigations. Similarly, COH enhanced the surveillance system by increasing monitoring coverage area, minimising monitoring blind spots, and expanding patrolling coverage. These enhancements contributed to customer safety, and no reported accidents in the hotel were reported during the Reporting Period. Additionally, COP is equipped with automated external defibrillator equipment and frontline staff have received training on its operation. Furthermore, at BOP, we require identity verification and reporting of all couriers before issuing an entry permit, and each courier is accompanied by one of our staff during delivery. Additionally, BOP has added a food takeaway counter to ensure food safety, ensuring that customers receive the intended takeaway items.

We continued to uphold the on-site hygiene standard. BOP maintains air quality in the shopping mall by conducting hygiene testing in accordance with GB 9670-1996 "Hygienic Standard for Shopping Centre and Book Store". Additionally, BOP cleans fresh air ventilation ducts annually in compliance with GB 37487-2019 "Health Management Specification for Public Places", and DB11/T 485-2020 "Specification of Hygiene Management for the Central Air Conditioning Ventilation System" since 2020. To ensure an optimal level of water purity for our customers, COP has implemented four-layer filters in direct-piping water dispensers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Safeguarding Customer Data

Due to the speciality of our business sector, the collection of sensitive personal data is inevitable. Preserving the privacy of our customers is a core commitment for us, 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 daily practices in collecting and handling personal information.

We will not purposefully or intentionally use, disclose, transfer or sell customers' personal data other than those stated and agreed upon. When necessary to process customer's request for services or activities or to facilitate the administration and delivery of services and products, we handle confidential data with care. We take appropriate measures to partially conceal or limit access to such information, ensuring that only authorised personnel with a legitimate need can access it.

We have ongoing training to equip our staff with the necessary skills and knowledge in handling customer data. Our hotels require all employees to undergo trainings on data security and privacy protection, to gain a comprehensive understanding of the appropriate methods for safeguarding personal data, while also increasing 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 data privacy violations. In the meantime, COH's staff orientation training includes content on business ethics and the code of conduct, providing staff with information on best practices for collecting and handling personal information.

We continue to safeguard the privacy of our customers. For example, BOP encourages information transparency by communicating the data collection process and security measures to our customers during the registration process. We also provide our customers with the option to choose whether to authorise the use of their personal information.

Practising Sustainable Procurement

It is mandatory for our suppliers and service providers 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.

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 SYW, we conducted annual independent audits and prioritised to review the top 20 suppliers. For suppliers who failed to reach the standard, they were required to make improvements and report on their progress afterwards. GHB would examine the hygiene status and food certificates of the suppliers providing high-risk products, including poultry products such as chicken meat, dairy and egg. BOP would annually examine product quality, price, after-sale services and responses and solutions to urgent purchases, etc. Similarly, COP utilise similar judging criteria to rate their suppliers upon expiry of the contracts.

The core of our procurement strategy lies our commitment to upholding 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 advantageous in our selection and assessment process, owing to their ability to demonstrate environmentally friendly operations.

During the Reporting Period, our Asset Companies procured all of the products and services from local suppliers. During the Reporting Period, we have 3,158 suppliers from Mainland China (2022: 2,860).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROTECTING THE ENVIRONMENT

We recognise the importance of natural resources, particularly energy and water in creating a liveable environment for our guests, tenants and customers. As a responsible steward, we are committed to safeguarding the well-being of our guests by minimising impacts of business activities on the environment and natural resources. The real estate industry, however, is a significant contributor to global carbon emissions and air pollutants. There is an increasing expectation on the industry to take action and reduce the carbon footprint in their operations.

Recognising the interconnectivity of climate risk mitigation and sustainable development, we have adopted the following two key policies to strengthen our monitoring and implementation efforts in reducing our environmental impacts and enhancing our adaptability and resilience to climate change:

- We adhere to the Environmental Policy set forth by CK Asset Holdings Limited (being the parent company of the Manager), 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 standard practices, and (ii) identifying, assessing and managing climate risks in a systematic and proactive approach.

Dedicated environmental taskforces have been established within each Asset Company to implement programmes and actions aimed at addressing adverse impacts 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 to assess their performance in managing climate-related matters.

Responding to Climate Change

Under environmental impacts, we strive to do our part against climate change. We have undertaken a climate risk assessment to identify our climate exposure and potential impact due to climate hazards under different climate scenarios, and will continue to enhance our disclosures in the future. Our climate disclosures have made reference to the Task Force on Climate-related Financial Disclosures recommendations during the Reporting Period, and we will continue to assess our exposure and response to climate change in the coming years.

Governance

Climate change poses significant threats to our business, and we are fully committed to adapting and mitigating the associated risks. It is our responsibility to ensure the sustainability of our business through decarbonisation in our operations and across the 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 regular basis and reported to the Board considering prevailing market and economic conditions, as well as other factors. The Board will review and update the Climate Risk Policy periodically to comply with the rules, regulations or guidelines issued by the SFC, HKEX or other relevant regulatory authorities.

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 the ESG Delegated Committee and the Legal and Compliance Department provides regular updates to the Board on any necessary ESG-related actions. 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 be taken to manage the potential risks. Additionally, we work with Property Manager and Hotel Manager, to identify, monitor and manage any potential climate-related impacts through the development and implementation of initiatives and measures. For instance, a sustainability-linked loan training will be conducted next year to introduce the loan and the relevant targets to all our Asset Companies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

To ensure a thorough understanding and effective management of climate-related issues in our operational regions, we have engaged the expertise of a third-party consultant. The consultant assists us in identifying and assessing the various climate-related challenges we may encounter.

In addition, a comprehensive scenario analysis that considers different climate-related scenarios is under way. We have adopted scenarios with temperature increases of 2°C and 4°C by 2100, which allow us to make informed decisions under different plausible futures and consider appropriate strategies to mitigate risks and leverage opportunities associated with climate change.

As our investments primarily consist of fixed assets with long investment horizons, they are exposed to distinctive challenges related to both climate-related physical risks and transition risks. For physical risks, severe rainfall or flooding are important climate-related concerns that could disrupt normal operation of our Asset Companies. Extreme weather events could also lead to tenants to reconsider their rental tenure or cause travellers to cancel their bookings due to limited accessibility. Transition risks necessitate capital investments in our Asset Companies, in order to meet customer expectations and regulatory requirements for energy and emissions reduction, which may eventually increase operating costs.

Meanwhile, it is essential to note that climate change can also present opportunities for our business. One such opportunity is the ability to attract and retain tenants who are increasingly concerned about the climate crisis. As awareness and understanding of environmental issues grow, there is a rising demand for sustainable and environmentally responsible practices.

Risk Management

We have reviewed our climate risk management approach to enhance the governance structure, ensuring climate-related risks are considered in Hui Xian REIT's investment, risk and property management processes. The Climate Risk Policy depicts our commitment in identifying, assessing and managing climate risks to enhance our adaptability and resilience to climate change. Our Enterprise Risk Management system is utilised to identify and assess climate-related risks, which have become an integral part of our regular business practices. The Property Manager and Hotel Manager will continue to conduct climate change assessment on their operations, including utilising scenario analysis according to SFC and HKEX requirements to assess the impacts of climate change on its business. A variety of resilience measures are implemented to prevent or minimise the adverse effects 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 that align with our defined ESG goals and mitigate the effects of identified climate risks on our assets.

Metrics and Targets

Recognising the perceived association between climate change and the real estate industry, we proactively demonstrate our commitment to sustainable development by integrating sustainability values across our operations.

To drive meaningful progress, we conducted a thorough evaluation of our past environmental performance. In addition to controlling our greenhouse gas emissions intensity and energy consumption intensity, we have also established specific environmental targets related to our use of water and discharge of waste. The following table illustrates our environmental targets and progress for the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2030 Target (compared to 2020 baseline)		Progress of Non-hotel portfolio as at the Reporting Period	Progress of Hotel portfolio as at the Reporting Period
	Non-hotel portfolio (per unit floor area)	Hotel portfolio (per room night)		
Greenhouse gas emission intensity	-3%	-15%	-30%	-35%
Energy consumption intensity	-3%	-15%	4%	-25%
Water consumption intensity	-3%	-20%	-7%	-6%
Waste disposal intensity	-3%	-30%	16%	274%

We remain committed to pursuing the environmental targets set for 2030. As a result of our effort to reduce greenhouse gas emissions, we have successfully achieved a reduction in greenhouse gas emission intensity surpassing our initial target, but we will continue to monitor the performance and review the targets. For non-hotel portfolio, the energy consumption intensity is increasing primarily due to the use of more heating in BOP under extreme cold weather in winter during the Reporting Period. Also, for both hotel and non-hotel portfolios, there are significant increases in waste disposal intensity due to an increase in shopping activity after the pandemic, and we plan to take measures to improve waste management. Additionally, prolonged construction at our assets has resulted in an increasing number of damaged fluorescent lamps, which we plan to gradually replace with LED energy-saving lamps.

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

Energy Efficiency and Greenhouse Gas Emissions

Adhering to the Law of the People's Republic of China on Conserving Energy, and supported by our parent company's Environmental Policy, we are dedicated to minimising our energy use and reducing greenhouse gas emissions. We achieve this through fostering environmental awareness and implementing efficiency initiatives. During the Reporting Period, electricity consumption increased compared to the previous year of 2022. The increase was attributed to the recovery of business after the pandemic and renovations. Compared to our baseline in 2020, we have achieved reductions in greenhouse gas emission intensity for our hotel portfolio and non-hotel portfolio, from 0.1033 tCO₂e/m² to 0.0663 tCO₂e/m² in the Reporting Period (-36%), and 0.0529 tCO₂e/m² to 0.0370 tCO₂e/m² during the Reporting Period (-30%), respectively.

Throughout the year, we implemented a range of measures to accomplish our climate-related objectives. For example, to facilitate efficient cooling of chillers in SYW and BOP, we replaced two and seven cooling towers respectively. In SYW, we enhanced energy efficiency by replacing two low-nitrogen burners and thirteen electric switchboards in the high-voltage distribution room. In BOP, we renovated ten water pumps to minimise oil leak, and replaced around 131 fluorescent light tubes with LED lights, saving approximately 50% of energy. In COH, we implemented several energy-saving measures while maintaining the comfort of our guests, including controlled hot water temperature, selective floor shutdown for electricity and air conditioning, and adjusted elevators usage based on occupancy levels. We increased the frequency of inspections to facilitate timely maintenance and minimise unnecessary energy use. Additionally, according to the hotel operation requirements, we increased the air conditioning cooling temperature by 1-2°C and reduced the air conditioning heating temperature by 3-5°C, thus energy consumption was approximately 9% less than our baseline in 2020. In GHB, we replaced our existing boilers with new units that substantially reduce carbon emissions. And in COP, halogen floodlights and fluorescent lights were replaced with LED lights with longer lifespan and reduced energy consumption.

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Total energy consumption by all our Asset Companies	Unit	2023	2022
Total energy consumption	gigajoules (GJ)	423,815	381,590
Electricity	kilowatt hour (kWh)	63,006,362	58,583,819
Heating	GJ	78,144	78,665
Natural gas	cubic metre (m ³)	3,032,648 ¹	2,350,492
Diesel	litre (L)	8,193	7,525
Petrol	L	13,434 ²	6,479
Energy intensity			
Malls and offices	GJ/square metre (m ²)	0.24	0.24
Hotels and serviced apartments	GJ/room night	0.63	1.09

Total GHG emissions by all our Asset Companies³	Unit	2023	2022
Total emissions	Tonnes of carbon dioxide equivalent (tCO ₂ e)	54,582	50,132
GHG emissions by scope			
Direct GHG emissions (scope 1) ⁴	tCO ₂ e	7,546	5,737
Indirect GHG emissions (scope 2) ⁵	tCO ₂ e	47,036	44,395
GHG emission intensity			
Malls and offices	tCO ₂ e/m ²	0.04	0.04
Hotels and serviced apartment	tCO ₂ e/room night	0.07	0.12

We calculated our portfolio carbon footprint⁶ considering our portfolio's Scope 1 & 2 emissions.

Portfolio carbon footprint	Unit	2023	2022
Total Scope 1 & 2 Emissions	tCO ₂ e	54,582	50,132
Market Value of Properties	RMB Million	33,402	34,520
Portfolio Carbon Footprint	tCO ₂ e/RMB Million	1.56	1.40 ⁷

¹ There is a significant increase in the use of natural gas due to an increase in rooms in use and guests in hotels after the pandemic and renovation.

² There is a significant increase in the use of petrol due to an increase in business travels after the pandemic.

³ 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.

⁴ 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).

⁵ 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/2014-10-10/5fbc57bcd163a1059cf224b03b751d8.pdf>) and the World Resources Institute's Greenhouse Gas Accounting Tool for Chinese Cities (Pilot Version 1.0), respectively.

⁶ 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 (tCO₂e) per million dollars invested 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".

⁷ The figure has been restated to reflect the actual situation in the year.

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Water Efficiency

We did not encounter any difficulty in water sourcing during the Reporting Period. We strived to enhance water efficiency through conducting inspection and installing water-saving equipment. During the Reporting Period, we have a 10% increase in water consumption comparing with our performance in the previous year of 2022 due to recovery of economic activities after the pandemic.

To enhance water efficiency, we have identified three key strategies: upgrading water infrastructure, conducting site inspections to eliminate water leaks and implementing water-saving initiatives. In BOP, rainwater collected was transferred to the reclaimed water station, increasing reclaimed water usage and reducing municipal water usage. We increased the frequency of daily inspections of sanitary ware in hotels, shopping malls and office towers to ensure the proper functioning of water equipment and prompt fixing, therefore reducing the possibility of water leakage and dripping, and wastage from excessive water output. In addition, in COH, we have communicated multiple initiatives to our employees to promote water conservation. To minimise water wastage, employees are reminded to avoid leaving faucets open when cleaning bathtubs, and to avoid using water to quickly cool soup, rinse or defrost food. As a result of these efforts, water usage in COH is 2% less than our baseline in 2020. We will continue to monitor water consumption across our assets and explore solutions to help meet our 2030 targets.

Total water consumption by all Assets Companies	Unit	2023	2022
Total water consumption	m ³	993,319	905,700
Water intensity			
Malls and offices	m ³ /m ²	0.70	0.71
Hotels and serviced apartment	m ³ /room night	1.16	1.88

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 are committed to minimising and diverting waste at our Asset Companies. In compliance with the laws and regulations of the People's Republic of China, we take waste management and waste recycling seriously to mitigate the environmental impacts associated with waste. During the Reporting Period, we have an increase in waste disposal comparing with our performance in the previous year of 2022 due to the recovery of economic activities after the pandemic.

Waste management serves as a crucial step in our sustainability efforts. For COP, we updated the classification labels on rubbish containers, created posters and information bulletin boards to encourage rubbish sorting, and enhanced the procedures and oversight for garbage sorting. We collaborated with the community to sort and transport 100 kg of fluorescent light tubes for handling. In COH, we sorted and transported waste batteries for appropriate handling and disposal, resulting in around 13% less waste than our baseline in 2020. Adhering to the "Disposable Products Catalog Management Measures" set by the municipal government, COH minimises waste by not actively promoting certain disposable items in a prominent positions. For Sheraton Chengdu, we replaced fluorescent light tubes with LED lights, reducing production of around 5 kg of hazardous waste.

We have embraced the concept of a "circular economy" within our operations, and recycling being one of our key focuses in implementing this approach. In BOP, during the Reporting Period, a total of 270 kg of fluorescent light tubes, 20 kg of toner cartridges, and 260 kg of lead-acid batteries were recycled. SYW has taken steps to replace plastic packages of room slippers with paper bands. All restaurants under SYW have replaced takeaway plastic bags and straws with biodegradable kraft paper bags and straws. In COH, we have implemented recycling initiatives such as recycling food waste and waste oil from the hotel to refine diesel, and transferring cardboard, plastic bags, glass, and other materials to contractors for recycling.

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	Unit	2023	2022
Waste recycled			
Waste recycled by all Assets Companies (Non-hazardous)			
Paper	tonnes	149	134
Plastic	tonnes	27	27
Food	tonnes	472	387
Total non-hazardous waste recycled	tonnes	648	548
Waste recycled by all Assets Companies (Hazardous)			
Fluorescent light tubes	tonnes	2	3
Grease	tonnes ⁸	4	6
Total hazardous waste recycled	tonnes	6	9
Total Waste recycled by all Assets Companies			
Total waste recycled by all Assets Companies	tonnes	654	557
Waste disposal			
Waste directed to disposal (Non-hazardous)			
Total non-hazardous waste disposed	tonnes	8,364	7,439
Waste directed to disposal (Hazardous)			
Total hazardous waste disposed	tonnes	7	10
Total waste disposed by all Assets Companies			
Total waste disposed by all Assets Companies	tonnes	8,371	7,449
Waste disposal intensity			
Malls and offices	tonnes/m ²	0.01	0.01
Hotels and serviced apartment	kg/room night	1.26 ⁹	2.12

Sustainable Development

Hui Xian REIT is committed to promoting sustainability and incorporating green features in our assets. In 2023, COP has obtained a Leadership in Energy and Environmental Design (LEED) Platinum pre-certification. Also, GHB has been certified as Gold Leaf China Green Hotel by the China Tourist Hotel Star-Rating Committee.

⁸ Unit for Grease has been revised to tonnes from litres for alignment.

⁹ There is a significant decrease in waste disposal intensity. While there is a small increase in waste disposal, there is a significant increase in hotels and service apartment room nights due to the end of the pandemic and more rooms available for use after renovation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENSURING A SAFE AND INCLUSIVE WORKPLACE

We provide attractive remuneration packages, career development opportunities and employee engagement activities across all Asset Companies. With the aim of ensuring a safe and health working environment, we believe these initiatives reflect our values on occupational health and safety, as well as talent development, attraction, and retention.

As of 31 December 2023, Hui Xian REIT had a total number of 1,101 employees with a turnover rate of 32%.

Total Workforce	2023	2022
Overall	1,101	1,008
Gender		
Male	546	482
Female	555	526
Employment Type		
Senior management	135	85
Middle management	352	276
General staff	614	647
Age Group		
Under 30 years old	333	290
30 to 50 years old	591	545
Over 50 years old	177	173
Geographical Region		
Hong Kong	17	13
Mainland China	1,080	991
Others	4	4

Employee Turnover Rate ¹⁰	2023	2022
Overall	32%	43%
Gender		
Male	38%	47%
Female	27%	40%
Age Group		
Under 30 years old	46%	84%
30 to 50 years old	27%	26%
Over 50 years old	24%	31%
Geographical Region		
Hong Kong	18%	54%
Mainland China	33%	43%
Others	75%	100%

¹⁰ 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%.

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We value and respect our employees. Our employment policy and Employee Handbook ensure that all employees have equal access to opportunities, rights, and benefits. This commitment is upheld by our employment policy and Employee Handbook. We regularly review our policies to incorporate any necessary adjustments in accordance with 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 all the relevant laws and regulations in all material aspects.

To ensure a positive working environment, we have established multiple communication channels to collect feedbacks from employees. Hui Xian REIT conducts an annual salary survey every year to understand employees' expectations on compensation packages. COH and Chengdu Sheraton have welfare committees in place to collect feedbacks from employees regarding their expectations on the working environment, benefits, and allowances, and Chengdu Sheraton also established a Hotel Care Ambassador Team. As part of our ongoing commitment to employee well-being, we provide access to facilities such as, gym rooms and audio-visual rooms for GHB employees outside of working hours. During the Reporting Period, we organised a variety of activities to improve our employees' sense of belonging at work. For example, birthday vouchers were delivered in employees' birthday month, Employee Thankful Week was held annually, and team sports events were organised to enhance team cohesion.

Diversity and Inclusiveness

We are dedicated to providing employees with fair, equal, and reasonable employment opportunities. Recognising the pressing challenges of racial and gender inequity in our society, we are prepared to take on greater responsibility within our communities. For example, COH co-produced a video on the theme of "Embracing Equality" with other Hyatt hotels in Chongqing, and hosted events to reward outperforming female employees with gifts on International Women's Day. A lactation room has also been set up in the BOP for working mothers. We treat all employees equally, irrespective of their age, race, gender, religion, sexual orientation, family status, disability, along with any other considerations. To ensure a discrimination-free environment, we encourage employees to voice out their concerns through designated communication channels if they encounter any form of discrimination.

Meanwhile, we strictly forbid any forms of child and forced labour practice in all aspects of our business. Each asset within our organisation has implemented robust procedures to address human rights issues such as human trafficking. As part of our hiring process, thorough background checks are conducted on job applicants, which include verification of identity and age. If an applicant is found to be under the legal working age or being coerced into work, their application will be put on hold. For COH, anti-human trafficking is included as one of the core components in the staff orientation training. During the Reporting Period, no cases of child labour or forced labour were reported.

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 effectively implement our health and safety measures, we conduct regular trainings, drills, and health talks to enhance our employee awareness of workplace health and safety standards. These initiatives aim to equip our employees with knowledge to navigate potential risks. At each of our assets, emergency response plans have been developed and tailored to specific hazards and risks. This includes conducting fire drills and entrapment drills to ensure a seamless response in case of an emergency or disaster. Annual health checks and health talks are organised to promote our employees' mental and physical well-being and raise their awareness of personal health matters. These efforts underscore our commitment to maintaining a safe and healthy working environment for all. During the Reporting Period, 140 lost days were recorded (2022: 331) as a result of 16 injury cases (2022: 21) and no work-related fatality was recorded (2022 and 2021: 0) across all our Assets Companies.

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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.

To achieve this, we have implemented a talent development training plan that aligns with our missions, visions, and management strategies. This plan ensures that all employees, from new hires to managers in all business divisions across the Asset Companies, regardless of their gender, diversity characteristics, or management/non-management position, have access to continuous learning opportunities in new technologies, concepts, and tools.

By offering a range of training courses, we want to assist employees to appreciate the value of the organisation and contribute to our optimal business success. We offer three types of training programmes across our Asset Companies. The orientation programmes designed for newcomers provide them with a comprehensive understanding of the Asset Companies, as well as assist them in easily adapting to our policies, regulations, norms, and infrastructures. In COP, an orientation test session was added to examine the effectiveness of the training. Role-based trainings are provided to enhance employees' skills in customer service, dispute handling, social media usage, and office automation system to improve their work efficiency. For example, food hygiene training is provided in COH. In COP, periodic evaluations of job skills trainings are conducted via questionnaires and talks. Additionally, we offer leadership trainings and mentorship programmes to employees who demonstrate potential leadership skills, equipping them with essential management skills to transition from general staff to supervisor roles and paving the way for their future growth and advancement. To ensure accessibility and inclusivity in our training initiatives, GHB has implemented online learning platforms. This digital approach enables us to deliver leadership training and foster professional skill development for all employees, regardless of their geographical location. By utilising these digital platforms, we can overcome geographical barriers and provide equal learning opportunities to our diverse workforce, promoting continuous growth and development across the Asset Companies.

As of 31 December 2023, 100% of our employees of our Asset Companies had undertaken trainings. 36,054 hours of training were undertaken by staff across our assets. The total average training hours are 32.7 hours.

Average training hours completed per employee	2023	2022
Gender		
Male	28.1	27.4
Female	37.3	31.4
Category		
Senior management	36.8	14.8
Middle management	30.7	20.7
General staff	33.0	35.1

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.

An appraisal system is also in place to review employee performance and reward excellence through annual salary adjustments in a fair manner. Additionally, monthly counselling sessions are conducted, providing employees with the opportunity to discuss their concerns regarding their working environment and career development and make suggestions with supervisors. These initiatives contribute to professional development and foster open communication between employees and supervisors.

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COMMUNITY SUPPORT

We actively contribute and strive to make a positive impact on our community and environment through donations and volunteer services. During the Reporting Period, a total of RMB80,833 was donated to organisations such as Yao Foundation, as well as needy groups and individuals, including primary school and employees in sister hotel to further demonstrating our commitment.

We are deeply committed to embracing the regional culture and supporting the communities in which we operate. Recognising the close connection between our operations and the communities, we strive to create a positive and lasting impact that generates shared value for all stakeholders. Through active engagement with the local communities, we aim to foster mutual respect, collaboration, and sustainable development for the benefit of the community. Asset Companies conduct Global Community Service Month annually, during which we actively contribute to various community activities. In GHB, Hyatt Care Plan is established to provide support to the community. During the Reporting Period, SYW, Sheraton Chengdu and COH supported numerous community initiatives, including but not limited to book donations to schools, repairing depreciated facilities for elderly homes, and fundraising for charity foundations and staff in financial difficulties.

We also aim to improve the health and safety of our employees and to extend our care beyond their workplace towards the community. We actively support and organise charity events specifically aimed at assisting workers with health-related concerns. Our ultimate goal is to enhance the overall quality of life for our employees and contribute to the sustainable growth of the community. During the Reporting Period, Sheraton Chengdu supported the charity run event “Run to Give 2023”. Through these initiatives, we strive to caring for the health and wellness of our employees and the community as a whole.

RECOGNITION

Name of award	Organisation	Winning entities
2023 Annual List of High-end Hotels	Splendeur	SYW
2023 Global Luxury Hotels Awards: Greater China	Global Culture Media and Information Group (Hong Kong)	SYW
The 16th China's Best Hotels Award	China's Best Hotels Award Assessment Committee	SYW
The 20th Golden-olive Awards for China Hotel Industry	Organising Committee, Beautiful China Hospitality Industry Leaders Summit	SYW
2023 Hotels New Rank	China Tourism Association	SYW
2023 Top 100 Enterprises in Dongcheng District	Dongcheng District, People's Government of Beijing Municipality	BOP
2023 TimeOut Love Awards Beijing (Popular Choice)	TimeOut Beijing	BOP
2023 Best Business Hotel	Trip.Biz	COH
LEED Platinum pre-certification	U.S. Green Building Council	COP
Gold Leaf China Green Hotel	China Tourist Hotel Star-Rating Committee	GHB
2023 Most Popular Hotels in Beijing	Trip.com Group	GHB
The Best Destination Hotel	THE WORLDiary HOTEL COLLECTION	GHB
City Landmark Hotel of the Year	TARGET	GHB
2023 Outstanding Luxury Hotel in China Hotel Industry	China Hospitality Brand Value Summit Organising Committee	GHB
2023 Top Hotel Partner with Great Guest Experience Score	Expedia	GHB

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APPENDIX – HKEX ESG GUIDE CONTENT INDEX

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

Indicators	Sections
A. Environmental	
Aspect A1: Emissions	Protecting the environment
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.	
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

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Indicators	Sections	
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

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

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Indicators		Sections
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

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Indicators		Sections
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 2023, 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 during the year ended 31 December 2023 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); Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. YIN Ke and Mr. WU Ting Yuk, Anthony (independent non-executive directors).

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").

There were no changes to the composition of the Board or any of its committees during the year ended 31 December 2023.

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; 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 regular management reporting.

CORPORATE GOVERNANCE

Four Board meetings of the Manager were held in 2023. 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)	3/4
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	
Professor LEE Chack Fan	4/4
Dr. CHOI Koon Shum, Jonathan	1/4
Mr. YIN Ke	4/4
Mr. WU Ting Yuk, Anthony	3/4

APPOINTMENTS AND REMOVALS OF DIRECTORS

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, 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 2023, the Audit Committee was chaired by an INED, namely Mr. YIN Ke. The other members of the Audit Committee were Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. WU Ting Yuk, Anthony (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 2023 to, among others, consider and review the annual results for the year ended 31 December 2022, the interim results for the six months ended 30 June 2023, 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)	2/2
Professor LEE Chack Fan	2/2
Dr. CHOI Koon Shum, Jonathan	0/2
Mr. IP Tak Chuen, Edmond	2/2
Mr. WU Ting Yuk, Anthony	2/2

CORPORATE GOVERNANCE

Nomination Committee

The Nomination Committee 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 2023, 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 held one meeting during the year ended 31 December 2023, to consider among other things, board composition and diversity policy, the independence of independent non-executive directors, and nomination of re-electing directors. Attendance at the meeting of the Nomination Committee was as follows:

Members of the Nomination Committee	Attendance
Mr. KAM Hing Lam (Chairman)	1/1
Professor LEE Chack Fan	1/1
Mr. YIN Ke	1/1

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 2023, 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 2023 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 2023, 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 2023.

CORPORATE GOVERNANCE

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 2023, the Manager is indirectly owned as to 70% by CK Asset Holdings Limited (“CKAH”) and 30% by ESR Group Limited (“ESR”) via ARA Asset Management Limited (a wholly-owned subsidiary of ESR) (“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) ESR, its subsidiaries (including ARA) and associated companies (“ESR Group”) are real estate investment solution provider and real estate developer.

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 ESR 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 ESR Group (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, 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. LIM Hwee Chiang is a director of ESR 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, ESR Group, Fortune REIT, Prosperity REIT and other REITs and private real estate funds managed by the ESR 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 2023 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)	0/1
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	
Professor LEE Chack Fan	1/1
Dr. CHOI Koon Shum, Jonathan	0/1
Mr. YIN Ke	1/1
Mr. WU Ting Yuk, Anthony	1/1

CORPORATE GOVERNANCE

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.

Hui Xian REIT appoints Deloitte Touche Tohmatsu as its external auditor. The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor's Report. During the year, the fees paid/payable to the external auditor of Hui Xian REIT amounted to RMB2,350,000 (2022: RMB2,325,000) for audit and audit related services, and RMB283,000 (2022: RMB223,000) for non-audit services.

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 2023 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 137 to 142 of this annual report.

ISSUES OF FURTHER UNITS POST-LISTING

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

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

The Manager has adopted rules governing dealings in Units by the Directors, Manager and certain senior executives of the Manager, or the special purpose vehicles of Hui Xian REIT who, because of his/her office in the Manager, or the relevant special purpose vehicles of Hui Xian REIT, is likely to be in possession of unpublished inside information in relation to the securities of Hui Xian REIT (collectively the “Management Persons”). These rules are set out in the Code Governing Dealings in Units by Directors or the REIT Manager (the “Units Dealing Code”) contained in the compliance manual. It sets out the required standard against which Management Persons must measure their conduct regarding transactions in securities of Hui Xian REIT and are on terms no less exacting than those of the Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 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 2023.

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.

CORPORATE GOVERNANCE

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 partly 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 71 to 75 of this annual report. There was no change in the information of the Directors since the last published interim report save as the following:

- Mr. WU Ting Yuk, Anthony has been appointed as the Chairman of Venus Medtech (Hangzhou) Inc. with effect from 15 December 2023.
- Mr. YIN Ke has been appointed as an Independent Non-executive Director of Morgan Stanley Securities (China) Co., Ltd., with effect from 26 February 2024.

COMPLIANCE WITH THE COMPLIANCE MANUAL

During the year ended 31 December 2023, 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 2023 has been reviewed by the Audit Committee and the Disclosures Committee.

NEW UNITS ISSUED

In the year ended 31 December 2023, (i) an aggregate of 82,688,030 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 40,052,450 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 2022 to 31 December 2022 and the interim distribution for the period from 1 January 2023 to 30 June 2023.

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 2023.

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 2023.

INTERNAL CONTROL AND RISK MANAGEMENT

BACKGROUND

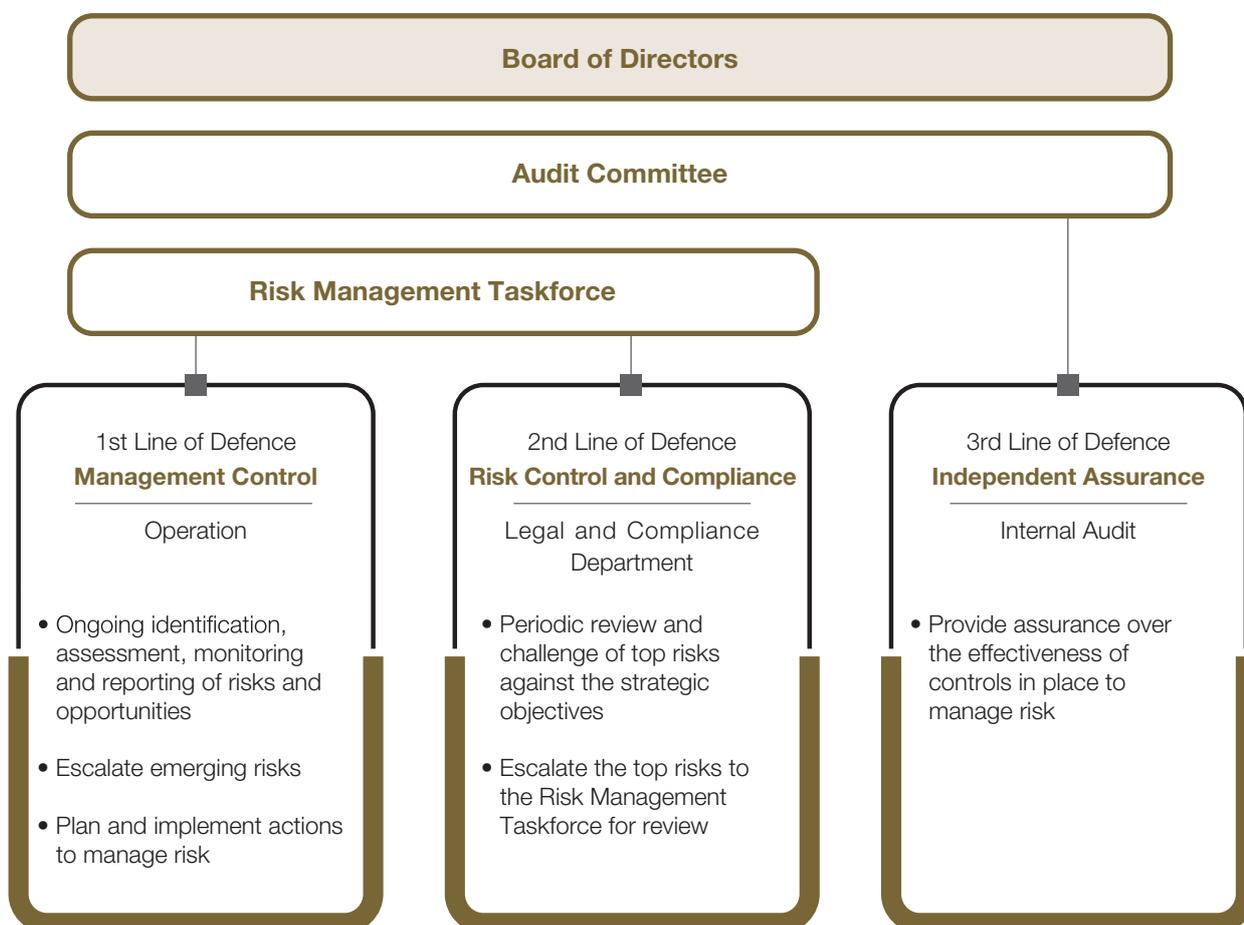
To maintain good corporate governance, Hui Xian REIT implements a structured risk management framework to identify, assess and manage operational risks at an earlier stage. Throughout the Reporting Period, Hui Xian REIT has materially complied with the relevant provisions of the Corporate Governance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



INTERNAL CONTROL

Ongoing communication, monitoring and review

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 2023. 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

A. CONNECTED PARTY TRANSACTIONS AND RELATED WAIVERS

Waivers from Strict Compliance with Certain Requirements under the REIT Code

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 and from time to time thereafter, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions involving Hui Xian REIT (the "Waivers") were granted by the SFC. Some of the Waivers were subsequently 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 2023, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers in all material aspects.

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 2023, 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 2023:

Name of Connected Parties	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2023 RMB'000
CK Asset Holdings Limited	Indirect holding company of a substantial holder ¹	Leasing and licensing transaction	100
北京港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	1,830
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	2,150
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	75
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	Associate of Trustee ²	Leasing and licensing transaction	934
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	Connected subsidiary	Interest income	5,756
Total			10,845

Notes:

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

2 Trustee being DB Trustees (Hong Kong) Limited.

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

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 2023:

Name of Connected Parties	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for year ended 31 December 2023 RMB'000
北京港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	19,589
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	22,749
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	18,414
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	56,648
Total			117,400

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 2023 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 connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the connected transactions on leasing and licensing transactions, property management fee, property manager's fee, and financial interest income disclosed by Hui Xian REIT on pages 66 to 67 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 2023 were RMB3,302,000 and RMB113,384,000 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 2023 on pages 152 to 153 of this Annual Report.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 31 December 2023, 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:

Names	No. of Units held	As at 31 December 2023 Percentage of Units held¹
Subsidiaries of CK Asset Holdings Limited ("CKAH") ²	2,160,765,460	34.01%
Subsidiaries of China Life Insurance (Group) Company ³	865,406,000	13.62%

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 6,353,099,752 Units in issue as at 31 December 2023.
2. These subsidiaries of CKAH were Noblecrown Investment Limited ("Noblecrown") (held 1,091,083,328 Units as at 31 December 2023), Wisdom Ally Limited ("Wisdom Ally") (held 318,386,738 Units as at 31 December 2023), Wealth Finder Limited ("Wealth Finder") (held 105,407,917 Units as at 31 December 2023), Heathcliff Developments Limited ("Heathcliff Developments") (held 586,884,405 Units as at 31 December 2023) and Hui Xian Asset Management Limited ("Manager") (held 59,003,072 Units as at 31 December 2023). 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 2023, 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 2023, 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 2023, 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 2023, the Manager held 59,003,072 Units in Hui Xian REIT.

Interests of the Directors and Chief Executive of the Manager

As at 31 December 2023, 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:

Names	As at 31 December 2023 Number of Units held
KAM Hing Lam	841,316 ¹
IP Tak Chuen, Edmond	1,100,000 ²
CHEUNG Ling Fung, Tom	107,522 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 2023.

DIRECTORS' BIOGRAPHICAL INFORMATION

KAM Hing Lam, aged 77, 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, Honorary Advisor of the Asia Summit on Global Health of Hong Kong Trade Development Council, Council Member of Hong Kong Beijing Association, Honorary Committee Member of The Chinese General Chamber of Commerce Hong Kong, Council Member of The Hong Kong Management Association, Council Member of Hong Kong & Macau AustCham, Appointed Member of the New Zealand Business Advisory Board and Governor to the Governor's Council of the Hong Kong Canadian Chamber of Commerce.

CHEUNG Ling Fung, Tom, aged 57, 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

LEE Chi Kin, Casey, aged 61, 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 The Westin Shenyang (formerly known as Sofitel 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 56, 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 34 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 71, 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 67, 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

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 78, 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 an Independent non-executive director of Morris Home Holdings Limited with effect from 9 November 2022. He was a Non-executive Director of Zhaobangji Lifestyle Holdings Limited (formerly known as Zhaobangji Properties Holdings Limited) up to 30 December 2022 and an Independent Non-executive Director of South Shore Holdings Limited (delisted in 2023 and 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

CHOI Koon Shum, Jonathan, aged 66, 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.

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 Alliance, Member of the Chief Executive's Council of advisers 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, Honorary Doctor of Business Administration by Hong Kong Metropolitan University (formerly the Open University of Hong Kong) in 2020 and Honorary Doctor of International Business Management by Cambodia National University of Management in 2022.

YIN Ke, aged 60, 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 Independent Non-executive Director of Morgan Stanley Securities (China) Co., Ltd., 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, and an Independent Non-executive Director of C-MER Eye Care Holdings Limited, which is listed on the Stock Exchange of Hong Kong Limited. Mr. YIN also serves as an 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

WU Ting Yuk, Anthony, aged 69, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 2 November 2022. 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 a member of the 12th and 13th Standing Committee of the Chinese People's Political Consultative Conference National Committee. 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, the Chairman and an Independent Non-executive Director of Venus Medtech (Hangzhou) Inc., an Independent Non-executive Director of Power Assets Holdings Limited, China Resources Medical Holdings Company Limited, China Taiping Insurance Holdings Company Limited, CStone Pharmaceuticals, 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 Executive Committee Member and Chief Corporate Affairs Officer of CK Asset Holdings Limited and CK Infrastructure Holdings Limited, as well as the Chief Corporate Affairs Officer of 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 39 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

March 1, 2024

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.: 169577-A

Dear Sirs,

Pursuant to the terms and conditions of an Engagement Letter dated December 15, 2022 between ourselves, we are instructed by you, Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Value of the property interest of Oriental Plaza, located at No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Beijing Oriental Plaza Company Limited (北京東方廣場有限公司) ("BOP").

As instructed, we, Kroll (HK) Limited ("Kroll") has made a determination of the value in its existing state of the Property as of December 31, 2023 (the "valuation date").

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

BASIS OF VALUATION

Our valuation represents our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

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

VALUATION REPORT

VALUATION METHODOLOGY

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

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

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

The key value drivers of the Income Capitalization Approach are the market rent and the capitalization rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalization rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalization rates are applied to capitalize the rental income generated for the unexpired term of the land use rights of the Property until 21 April 2049. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

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

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

TITLE DOCUMENTS

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

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

ASSUMPTIONS

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

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

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

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

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

LIMITING CONDITIONS

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

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

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

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

VALUATION REPORT

REMARKS

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

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

Our valuation is prepared in accordance with the “HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

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

We enclose herewith our valuation reports and market overview.

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Patrick Y.W. Wu
FRICS
Valuation Services
Vice Chairman

Elaine H.L. Ng
MRICS, MHKIS, RPS(GP), MCIREA
Real Estate Valuation Group
Vice President

EXECUTIVE SUMMARY

Property:	The Property consists of retail, office, serviced apartment, hotel and basement portions of Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China (中華人民共和國北京市東城區東長安街1號東方廣場之商場、寫字樓、服務式公寓、酒店及地庫部分)
Description:	Oriental Plaza is a mixed use commercial complex comprising a shopping mall, 8 blocks of office towers, 3 blocks of serviced apartment towers, a 5-star hotel, car parking spaces and other ancillary facilities.
Site Area:	109,924.10 square metres ^(Note 1)
	<i>Note 1:</i> The site area of Oriental Plaza is of 77,594.81 square metres under the relevant State-owned Land Use Certificate below and the planned land use area of the Property is of 109,924.1 square metres under the relevant Appendix of Construction Land Use Planning Permit below.
Registered Owner:	Beijing Oriental Plaza Company Limited (北京東方廣場有限公司) ("BOP")
Gross Floor Area:	According to the information provided by BOP, the breakdown of gross floor area ("GFA") is as follow:

Uses	GFA (sq.m.) (approx.)
Retail	132,515
Office	309,768
Serviced Apartment	98,674
Hotel	104,094
Basement Levels	118,431 ^(Note 2)
Total:	763,482

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

Lettable Area:	According to the information provided by BOP, the breakdown of lettable area is as follows:
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Uses	Lettable Area (sq.m.) (approx.)
Retail	70,197
Office	309,492
Serviced Apartment	95,817
Total:	475,506

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

VALUATION REPORT

State-owned Land Use Certificate:	Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128(京市東港澳台國用(2006出)第10128號)
Building Ownership Certificate:	Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283(京房權證市東港澳台字第10283號)
Valuation Date:	December 31, 2023
Valuation Methodology:	Income Capitalization Approach and Market Approach

Market Value in Existing State:

Uses	Market Value in Existing State (RMB)
Retail	10,472,000,000
Office	13,892,000,000
Serviced Apartment	2,280,000,000
Hotel	2,330,000,000
Basement	287,000,000
Total:	29,261,000,000

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

VALUATION PARTICULARS

Retail Portion – The Shopping Mall

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
1. The retail portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, three blocks of serviced apartment, a hotel and about 1,800 car parking spaces in basement levels. The retail portion was completed in 2000.</p> <p>The retail portion mainly comprises portion of podium level, 1-upper ground level and 1-lower ground level with a total gross floor area of approximately 132,515 square metres. The total lettable area is approximately 70,197 square metres.</p> <p>The retail portion is held by BOP for a term to be expired on April 21, 2049 for composite use.</p>	<p>According to the tenancy schedule dated December 31, 2023 provided to us, the retail portion of the Property is let under various tenancies for various terms with the latest expiring in December 2032, yielding a total monthly rental income of RMB43,570,921 exclusive of management fee and value-added tax. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>Various advertising spaces are let under various agreements yielding an average monthly income of approximately RMB246,261 from January 2023 to December, 2023.</p> <p>The occupancy rate of the retail portion of the Property as at valuation date was about 92.1%.</p>	10,472,000,000

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128(京市東港澳台國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.
- Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.10 square metres, in which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.
- Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283(京房權證市東港澳台字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings with gross floor area of 763,480.35 square metres are held by BOP.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
- The rentals reported herein are contractual rentals without taking into account rent free periods and turnover rent, if any. The average monthly turnover rent income is approximately RMB922,000 for the period between January 2023 to December 2023.

VALUATION REPORT

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

Occupancy Profile

Type	Lettable Area (sq.m.) (approx.)	% of total
Leased	64,648	92.1%
Vacant	5,549	7.9%
Total	70,197	100.0%

Tenancy Commencement Profile (excluding rental income from turnover)

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2016	2,257	3.49%	361,167	0.83%	1	0.35%
2017	2,030	3.14%	–	0.00%	1	0.35%
2018	1,155	1.79%	725,200	1.67%	2	0.71%
2019	4,073	6.30%	3,714,860	8.53%	10	3.54%
2020	7,591	11.74%	3,387,174	7.77%	23	8.13%
2021	15,424	23.86%	10,959,712	25.15%	57	20.14%
2022	10,792	16.69%	11,294,398	25.92%	72	25.44%
2023	21,326	32.99%	13,128,410	30.13%	117	41.34%
Total	64,648	100.00%	43,570,921	100.00%	283	100.00%

Tenancy Expiry Profile (excluding rental income from turnover)

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2023	1,044	1.62%	1,135,778	2.61%	11	3.89%
2024	19,929	30.83%	15,679,133	35.99%	98	34.63%
2025	15,128	23.40%	11,773,685	27.03%	74	26.15%
2026	11,109	17.18%	8,341,355	19.14%	67	23.68%
2027	4,990	7.72%	2,343,569	5.38%	14	4.95%
2028	3,688	5.71%	1,487,447	3.41%	9	3.18%
2029	5,533	8.56%	2,508,528	5.76%	7	2.47%
2030	145	0.22%	62,500	0.14%	1	0.35%
2031	688	1.06%	115,176	0.26%	1	0.35%
2032	2,394	3.70%	123,750	0.28%	1	0.35%
Total	64,648	100.00%	43,570,921	100.00%	283	100.00%

Tenancy Duration Profile

Year	Leased Area		Monthly Rental		No. of	
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
Up to 1 year	3,963	6.13%	1,811,066	4.16%	26	9.19%
More than 1 year and up to 2 years	3,439	5.32%	3,651,848	8.38%	28	9.89%
More than 2 years and up to 3 years	18,049	27.92%	16,328,671	37.48%	124	43.82%
More than 3 years and up to 4 years	5,267	8.15%	5,725,962	13.14%	35	12.37%
More than 4 years and up to 5 years	10,234	15.83%	8,278,873	19.00%	39	13.78%
More than 5 years and up to 6 years	10,190	15.76%	6,253,812	14.35%	21	7.42%
More than 6 years and up to 7 years	118	0.18%	41,296	0.10%	1	0.35%
More than 7 years and up to 8 years	9,659	14.94%	1,293,143	2.97%	6	2.12%
More than 8 years and up to 9 years	1,335	2.07%	62,500	0.14%	2	0.71%
More than 9 years and up to 10 years	2,394	3.70%	123,750	0.28%	1	0.35%
Total	64,648	100.00%	43,570,921	100.00%	283	100.00%

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

- a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
- b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
- c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION REPORT

VALUATION PARTICULARS

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

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
2. The office portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, three blocks of serviced apartment, a hotel and about 1,800 car parking spaces in basement levels. The office portion was completed in between 2000 and 2001.</p> <p>The office portion comprises five blocks of 12-storey office towers and three blocks of 18-storey office towers with a total gross floor area of approximately 309,768 square metres. The lettable area of office portion is approximately 309,492 square metres.</p> <p>The office portion is held by BOP for a term to be expired on April 21, 2049 for composite use.</p>	<p>According to the tenancy schedule dated December 31, 2023 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring in March 2033, yielding a total monthly rental income of RMB69,502,206 exclusive of management fee and value-added tax. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>Various naming rights are let under monthly basis, yielding an average monthly rental of approximately RMB293,067 from January 2022 to December 2023.</p> <p>The total occupancy rate of the office portion of the Property as at valuation date was about 85.9%.</p>	13,892,000,000

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128(京市東港澳台國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.
- Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.10 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.
- Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283(京房權證市東港澳台字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
- The rentals reported herein are contractual rentals without taking into account rent free periods, if any.

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

Occupancy Profile

Type	Lettable Area (sq.m.) (approx.)	% of total
Leased	265,874	85.9%
Owner-occupied	2,419	0.8%
Vacant	41,199	13.3%
Total	309,492	100.00%

Tenancy Commencement Profile

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	% of total
		% of total		% of total		
2017	189	0.07%	55,661	0.08%	1	0.27%
2018	11,166	4.20%	3,329,461	4.79%	5	1.33%
2019	5,712	2.15%	1,828,254	2.63%	3	0.80%
2020	73,036	27.47%	19,440,130	27.97%	49	13.03%
2021	55,171	20.75%	13,119,352	18.88%	80	21.27%
2022	66,958	25.18%	19,392,323	27.90%	112	29.79%
2023	50,743	19.09%	11,506,298	16.55%	122	32.45%
2024	2,899	1.09%	830,727	1.20%	4	1.06%
Total	265,874	100.00%	69,502,206	100.00%	376	100.00%

Tenancy Expiry Profile

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	% of total
		% of total		% of total		
2023	315	0.12%	88,747	0.13%	4	1.06%
2024	64,935	24.42%	19,713,947	28.37%	101	26.86%
2025	55,131	20.74%	16,688,139	24.01%	119	31.65%
2026	57,734	21.72%	14,898,120	21.44%	83	22.07%
2027	10,166	3.82%	2,963,155	4.26%	20	5.32%
2028	47,649	17.92%	10,842,330	15.60%	34	9.04%
2029	4,878	1.83%	542,625	0.78%	3	0.80%
2030	11,533	4.34%	2,692,987	3.87%	5	1.33%
2031	11,141	4.19%	992,421	1.43%	6	1.60%
2033	2,392	0.90%	79,735	0.11%	1	0.27%
Total	265,874	100.00%	69,502,206	100.00%	376	100.00%

VALUATION REPORT

Tenancy Duration Profile

Year	Leased Area		Monthly Rental		No. of	
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
Up to 1 year	5,636	2.12%	1,276,130	1.84%	11	2.93%
More than 1 year and up to 2 years	9,363	3.52%	3,041,038	4.38%	30	7.98%
More than 2 years and up to 3 years	60,084	22.60%	17,665,584	25.42%	150	39.89%
More than 3 years and up to 4 years	37,057	13.94%	11,478,168	16.51%	63	16.76%
More than 4 years and up to 5 years	43,428	16.33%	11,684,665	16.81%	51	13.56%
More than 5 years and up to 6 years	29,835	11.22%	6,462,045	9.30%	33	8.78%
More than 6 years and up to 7 years	24,673	9.28%	6,466,185	9.30%	12	3.19%
More than 7 years and up to 8 years	11,212	4.22%	2,849,186	4.10%	7	1.86%
More than 8 years and up to 9 years	20,575	7.74%	5,024,844	7.23%	12	3.19%
More than 9 years and up to 10 years	24,011	9.03%	3,554,361	5.11%	7	1.86%
Total	265,874	100.00%	69,502,206	100.00%	376	100.00%

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

- a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
- b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
- c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION PARTICULARS

Serviced Apartment Portion

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
<p>3. The serviced apartment portion of the Property</p> <p>No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China</p>	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, three blocks of serviced apartment, a hotel and about 1,800 car parking spaces in basement levels. The serviced apartment portion was completed in between 2002 and 2004.</p> <p>The serviced apartment portion comprises of a 21-storey serviced apartment tower and two 14-storey serviced apartment towers with a total gross floor area of approximately 98,674 square metres. The lettable areas of apartment portion is 95,817 square metres.</p> <p>The serviced apartment portion is held by BOP for a term to be expired on April 21, 2049 for composite use.</p>	<p>According to the tenancy schedule dated December 31, 2023 provided to us, the serviced apartment portion of the Property is let under various tenancies for various terms with the latest expiring in August 2026, yielding a total monthly rental income of RMB8,705,659 exclusive of management fee and value-added tax. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>Portion of the Property with a total lettable area of approximately 1,248.10 square metres was owner-occupied.</p> <p>The total occupancy rate of the serviced apartment portion of the Property as at valuation date was about 88.9%.</p>	<p>2,280,000,000</p>

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128(京市東港澳台國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.
- Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.10 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.
- Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283(京房權證市東港澳台字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
- The rentals reported herein are contractual rentals without taking into account rent free periods, if any.

VALUATION REPORT

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

Occupancy Profile

Type	Lettable Area (sq.m.) (approx.)	% of total
Leased	85,132	88.9%
Owner-occupied	1,248	1.3%
Vacant	9,437	9.8%
Total	95,817	100.00%

Tenancy Commencement Profile

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2021	150	0.18%	13,906	0.16%	1	0.15%
2022	5,867	6.89%	622,292	7.15%	35	5.42%
2023	77,839	91.43%	7,917,294	90.94%	600	92.88%
2024	1,276	1.50%	152,167	1.75%	10	1.55%
Total	85,132	100.00%	8,705,659	100.00%	646	100.00%

Tenancy Expiry Profile

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2023	2,721	3.20%	248,343	2.85%	18	2.79%
2024	73,362	86.17%	7,512,866	86.30%	564	87.30%
2025	8,796	10.33%	919,846	10.57%	62	9.60%
2026	253	0.30%	24,604	0.28%	2	0.31%
Total	85,132	100.00%	8,705,659	100.00%	646	100.00%

Tenancy Duration Profile

Year	Leased Area		Monthly Rental		No. of	
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
Up to 1 year	68,923	80.96%	7,017,620	80.61%	538	83.28%
More than 1 year and up to 2 years	14,176	16.65%	1,471,955	16.91%	95	14.71%
More than 2 years and up to 3 years	1,923	2.26%	205,906	2.36%	12	1.86%
More than 3 years and up to 4 years	110	0.13%	10,178	0.12%	1	0.15%
Total	85,132	100.00%	8,705,659	100.00%	646	100.00%

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

- a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
- b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
- c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION REPORT

VALUATION PARTICULARS

Hotel Portion

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
4. The hotel portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, three blocks of serviced apartment, a hotel and about 1,800 car parking spaces in basement levels. The serviced apartment portion was completed in between 2002 and 2004.</p> <p>The hotel portion is a 5-star hotel comprising a 24-storey tower including four basement levels with a total gross floor area of approximately 104,094 square metres.</p> <p>The hotel portion is held by BOP for a term to be expired on April 21, 2049 for composite use.</p>	The hotel portion of the Property is currently operated under the brand name of Grand Hyatt Beijing.	2,330,000,000

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128(京市東港澳台國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.
- Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.10 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.
- Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283(京房權證市東港澳台字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.
- We have prepared our valuation based on the following assumptions:
 - BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The Property is not subject to any encumbrances, litigations or disputes.

VALUATION PARTICULARS

Basement Portion – Car Parking Spaces

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
5. The basement portion (car park spaces) of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, three blocks of serviced apartment, a hotel and about 1,800 car parking spaces in basement levels. The basement portion was completed in 2000.</p> <p>The basement portion has a total gross floor area of approximately 118,431 square metres (excluding civil defense shelter area). The total number of parking spaces is approximately 1,800 carpark spaces, including loading and unloading spaces.</p> <p>The basement portion is held by BOP for a term to be expired on April 21, 2049 for composite use.</p>	<p>According to the tenancy schedule dated December 31, 2023 provided to us, the car park spaces are let under various licenses on monthly and hourly basis yielding an average monthly income of RMB2,039,000 exclusive of management fee and value-added tax.</p>	287,000,000

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128(京市東港澳台國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by BOP for a term expiring on April 21, 2049 for composite use.
2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.10 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project (東方廣場項目), and about 15,300 square metres of land is to be resumed for city road use.
3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283(京房權證市東港澳台字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by BOP.
4. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
5. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.
6. We have prepared our valuation based on the following assumptions:
 - a) BOP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION REPORT

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or value presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.
6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Kroll.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the Property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

March 1, 2024

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.: 169577-B

Dear Sirs,

Pursuant to the terms and conditions of an Engagement Letter dated December 15, 2022 between ourselves, we are instructed by you, Hui Xian Asset Management Limited and DB Trustees (Hong Kong) (together as the "Company") to provide our opinion of Market Value of the property interest of Metropolitan Oriental Plaza, located at No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP").

As instructed, we, Kroll (HK) Limited ("Kroll") has made a determination of the value in its existing state of the Property as of December 31, 2023 (the "valuation date").

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

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

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

VALUATION REPORT

VALUATION METHODOLOGY

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

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

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

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

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

TITLE DOCUMENTS

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

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

ASSUMPTIONS

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

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

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

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

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

LIMITING CONDITIONS

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

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

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

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

VALUATION REPORT

REMARKS

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

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

Our valuation is prepared in accordance with the “HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

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

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Patrick Y.W. Wu
FRICS
Valuation Services
Vice Chairman

Elaine H.L. Ng
MRICS, MHKIS, RPS(GP), MCIREA
Real Estate Valuation Group
Vice President

EXECUTIVE SUMMARY

Property:	Metropolitan Oriental Plaza, No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (中華人民共和國重慶市渝中區鄒容路68號大都會東方廣場)
Description:	The Property is a large-scale composite development comprising retail, office and car park spaces. The retail portion consists of 8 levels above-ground, a mezzanine level, a lower ground level and portion of basement level 1. The office portion is a 37-storey office tower. The car park spaces are located at the basement levels.
Site Area:	18,072.70 square metres
Registered Owner:	Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司)
Gross Floor Area:	According to the information provided by COP, the breakdown of gross floor area ("GFA") is as follow:

Uses	GFA (sq.m.) (approx.)
Retail	88,299.81
Office	54,617.37
Basement	21,442.65
Total:	164,359.83

Lettable Area:	According to the information provided by COP, the breakdown of lettable area is as follows:
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Uses	Lettable Area (sq.m.) (approx.)
Retail	57,326.28
Office	50,505.30
Total:	107,831.58

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

Real Estate Title Certificate:	Yu (2022) Yu Zhong Qu Bu Dong Chan Quan Di No. 000351149 渝(2022)渝中區不動產權第000351149號 101 Fang Di Zheng 2015 Zi No. 24819(101房地證2015字第24819號)
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VALUATION REPORT

Valuation Date: December 31, 2023

Valuation Methodology: Income Capitalization Approach and Market Approach

Market Value in Existing State:

Uses	Market Value in Existing State (RMB)
Retail	1,755,000,000
Office	675,000,000
Basement (Car Park Spaces)	50,000,000
Total:	2,480,000,000

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

VALUATION PARTICULARS

Retail Portion – The Shopping Mall

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
1. The retail portion of the Property No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	<p>The Property is a large-scale composite development erected on a parcel of land with a site area of approximately 18,073.7 square metres. It comprises retail, office and car park spaces. The office portion is erected upon the retail podium. The retail portion of the Property was completed in 1997 while the office portion of the Property was completed in 1998.</p> <p>The retail portion of the Property comprises 8 levels above-ground, a mezzanine level between levels 7 and 8, a lower ground level and portion of basement level 1 with a total gross floor area and a total lettable area of approximately 88,299.81 square metres and 57,326.28 square metres respectively.</p> <p>The retail portion is held by COP for a term to be expired on August 30, 2044.</p>	<p>As advised, the Property was undergoing renovation works, it was expected to be completed in early June 2024.</p> <p>According to the tenancy schedule dated December 31, 2023 provided to us, portion of the Property is let under various tenancies for various terms with the latest expiring on December 31, 2035, yielding a total monthly rental income of about RMB1,209,793 inclusive of management fee.</p> <p>Portion of the Property with a total lettable area of 1,560.78 square metres was owner-occupied as of the valuation date.</p> <p>The occupancy rate of retail portion as at valuation date was 31.72% while the owner-occupied retail portion of the Property was 2.72%.</p>	1,755,000,000

Notes:

- Pursuant to the Real Estate Certificate (不動產權證) Yu (2022) Yu Zhong Qu Bu Dong Chan Quan Di No. 000351149 (渝(2022)渝中區不動產權第000351149號) issued by the Chongqing Yuzhong District Planning and Natural Resources Bureau (重慶市渝中區規劃和自然資源局) dated April 7, 2022, the land use right with a site area of 18,072.7 square metres and the building ownership of the Property with a gross floor area of 109,742.46 square metres are held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP") for a land use term expiring on August 30, 2044 for commercial use.
- As advised, the Property is undergoing renovation works as of the valuation date, the total budget of the renovation works is about RMB289,340,000, while the total cost incurred is about RMB51,131,000 the remaining outstanding cost is about RMB238,209,000. We have taken into account these renovation works' costs in the course of our valuation. The works are expected to be completed in the latest date of mid-2025.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.

VALUATION REPORT

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

Occupancy Profile

Type	Lettable Area	% of total
	(sq.m.) (approx.)	
Leased	18,181	31.72%
Owner-occupied	1,561	2.72%
Vacant	37,584	65.56%
Total	57,326	100.00%

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

Year	Leased Area	Monthly Rental		No. of		
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
2017	349	1.92%	49,887	4.12%	5	7.25%
2018	3,775	20.77%	122,136	10.10%	6	8.70%
2019	1,329	7.31%	155,706	12.87%	7	10.14%
2020	1,340	7.37%	468,430	38.72%	8	11.59%
2021	5,593	30.76%	206,601	17.08%	9	13.04%
2022	2,856	15.71%	66,536	5.50%	16	23.19%
2023	2,939	16.16%	140,497	11.61%	18	26.09%
Total	18,181	100.00%	1,209,793	100.00%	69	100.00%

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

Year	Leased Area	Monthly Rental		No. of		
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
2023	1,245	6.85%	64,525	5.33%	12	17.39%
2024	7,217	39.70%	431,864	35.70%	43	62.32%
2025	1,882	10.35%	433,964	35.87%	8	11.59%
2026	3,531	19.42%	156,992	12.98%	5	7.25%
2035	4,306	23.68%	122,448	10.12%	1	1.45%
Total	18,181	100.00%	1,209,793	100.00%	69	100.00%

VALUATION REPORT

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

Year	Leased Area	Monthly Rental		No. of		
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
Up to 1 year	2,271	12.49%	67,154	5.55%	14	20.29%
More than 1 year and up to 2 years	1,710	9.41%	47,668	3.94%	10	14.49%
More than 2 years and up to 3 years	1,993	10.97%	106,979	8.85%	13	18.85%
More than 3 years and up to 4 years	1,197	6.58%	127,523	10.54%	8	11.59%
More than 4 years and up to 5 years	1,742	9.58%	176,140	14.56%	8	11.59%
More than 5 years and up to 6 years	1,355	7.45%	413,011	34.14%	7	10.14%
More than 6 years and up to 7 years	978	5.38%	82,326	6.80%	6	8.70%
More than 7 years	6,935	38.14%	188,992	15.62%	3	4.35%
Total	18,181	100.00%	1,209,793	100.00%	69	100.00%

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

- a) COP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
- b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
- c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION REPORT

VALUATION PARTICULARS

Office Portion

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
2. The office portion of the Property No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	<p>The Property is a large-scale composite development erected on a parcel of land with a site area of approximately 18,073 square metres. It comprises retail, office and car park spaces. The office portion is erected upon the retail podium. The retail portion of the Property was completed in 1997, while the office portion of the Property was completed in 1998.</p> <p>The office portion of the Property is a 37-level office tower of the Development with a total gross area and a total lettable floor area of approximately 54,617.37 square metres and 50,505.30 square metres respectively.</p> <p>The office portion is held by COP for a term to be expired on August 30, 2044.</p>	<p>According to the tenancy schedule dated December 31, 2023 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring on March 31, 2028, yielding a total monthly rental income of about RMB3,500,314 inclusive of management fee. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>The leased office portion of the Property as at valuation date was 76.6% while the owner-occupied office portion of the Property was 3.5%.</p>	675,000,000

Notes:

- Pursuant to the Real Estate Certificate No. 101 Fang Di Zheng 2015 Zi Di 24819 Hao (101房地證2015字第24819號) issued by the Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated December 11, 2015, the land use right with a site area of 18,072.7 square metres and the building ownership of the Property with a gross floor area of 54,617.37 square metres are held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP") for a term expiring on August 30, 2044 for commercial use.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
- The rentals reported herein are contractual rentals without taking into account rent free periods, if any. The other income is approximately RMB6,700 in the first half of 2023.

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

Occupancy Profile

Type	Lettable Area (sq.m.) (approx.)	% of total
Leased	38,703	76.6%
Owner-occupied	1,743	3.5%
Vacant	10,059	19.9%
Total	50,505	100.0%

Tenancy Commencement Profile (excluding owner-occupied portion)

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2016	2,969	7.41%	258,182	7.38%	7	4.79%
2017	2,798	6.99%	308,791	8.82%	10	6.85%
2018	4,592	11.47%	435,022	12.43%	16	10.96%
2019	9,707	24.23%	972,382	27.78%	23	15.75%
2020	1,495	3.73%	141,922	4.06%	8	5.48%
2021	4,575	11.42%	375,349	10.72%	14	9.59%
2022	5,302	13.24%	464,210	13.26%	28	19.18%
2023	7,265	18.13%	544,456	15.55%	37	25.35%
2024	1,355	3.38%	–	0.00%	3	2.05%
Total	40,058	100.00%	3,500,314	100.00%	146	100.00%

Tenancy Expiry Profile (excluding owner-occupied portion)

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2023	2,508	6.26%	209,481	5.98%	6	4.11%
2024	10,970	27.39%	1,070,807	30.59%	52	35.62%
2025	16,814	41.97%	1,420,595	40.58%	61	41.79%
2026	7,388	18.44%	681,353	19.47%	21	14.38%
2027	2,310	5.77%	112,608	3.22%	5	3.42%
2028	68	0.17%	5,470	0.16%	1	0.68%
Total	40,058	100.00%	3,500,314	100.00%	146	100.00%

VALUATION REPORT

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

Year	Leased Area	Monthly Rental		No. of		
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total	Tenancies	% of total
Up to 1 year	332	0.83%	18,594	0.53%	3	2.05%
More than 1 year and up to 2 years	3,271	8.17%	165,129	4.72%	17	11.64%
More than 2 years and up to 3 years	5,998	14.97%	505,806	14.45%	34	23.29%
More than 3 years and up to 4 years	7,114	17.76%	599,024	17.11%	23	15.76%
More than 4 years and up to 5 years	2,624	6.55%	252,458	7.21%	9	6.16%
More than 5 years and up to 6 years	8,815	22.00%	802,171	22.92%	25	17.13%
More than 6 years and up to 7 years	5,480	13.68%	537,343	15.35%	17	11.65%
More than 7 years and up to 8 years	1,502	3.75%	157,548	4.50%	7	4.79%
More than 8 years and up to 9 years	1,721	4.30%	165,476	4.73%	5	3.42%
above 9 years	3,201	7.99%	296,765	8.48%	6	4.11%
Total	40,058	100.00%	3,500,314	100.00%	146	100.00%

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

- a) COP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
- b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
- c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION PARTICULARS

Basement Portion (Car Park Spaces)

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
3. The basement portion (car park spaces) of the Property No.68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China	<p>The Property is a large-scale composite development erected on a parcel of land with a site area of approximately 18,073 square metres. It comprises retail, office and car park spaces. The office portion is erected upon the retail podium. The retail portion of the Property was completed in 1997 while the office portion of the Property was completed in 1998.</p> <p>The basement portion (car park spaces) of the Property comprises 388 car parks on basement level 1 and portion of basement level 2.</p> <p>The Property is held by COP for a land use term to be expired on August 30, 2044.</p>	According to the tenancy schedule dated December 31, 2023 provided to us, portion of the car park spaces is let under various licenses on monthly and hourly basis yielding an annual income of approximately RMB3,747,713.	50,000,000

Notes:

1. Pursuant to the Real Estate Certificate (不動產權證) Yu (2022) Yu Zhong Qu Bu Dong Chan Quan Di No. 000351149(渝(2022)渝中區不動產權第000351149號) issued by the Chongqing Yuzhong District Planning and Natural Resources Bureau (重慶市渝中區規劃和自然資源局) dated April 7, 2022, the land use right with a site area of 18,072.7 square metres and the building ownership of the Property with a gross floor area of 109,742.46 square metres are held by Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) ("COP") for a land use term expiring on August 30, 2044 for commercial use.
2. We have prepared our valuation based on the following assumptions:
 - a) COP possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The Property is not subject to any encumbrances, litigations or disputes

VALUATION REPORT

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or value presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.
6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Kroll.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the Property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

March 1, 2024

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.: 169577-C

Dear Sirs,

Pursuant to the terms and conditions of an Engagement Letter dated December 15, 2022 between ourselves, we are instructed by you, Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Value of the property interest of a hotel known as "Sheraton Chengdu Lido Hotel" located at No. 15, Section 1 of Ren Min Zhong Road, Qingyang District, Chengdu, Sichuan Province, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Chengdu Changtian Co., Ltd. (成都長天有限公司) ("CC").

As instructed, we, Kroll (HK) Limited ("Kroll") has made a determination of the value in its existing state of the Property as of December 31, 2023 (the "valuation date").

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

BASIS OF VALUATION

Our valuation represents our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

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

VALUATION REPORT

VALUATION METHODOLOGY

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

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

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

The key value drivers of the Income Capitalization Approach are the market rent and the capitalization rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalization rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalization rates are applied to capitalize the rental income generated for the unexpired term of the land use rights of the Property until 21 April 2049. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

TITLE DOCUMENTS

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

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

ASSUMPTIONS

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

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

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

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

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

LIMITING CONDITIONS

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

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

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

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

VALUATION REPORT

REMARKS

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

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

Our valuation is prepared in accordance with the “HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

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

We enclose herewith our valuation reports and market overview.

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Patrick Y.W. Wu
FRICS
Valuation Services
Vice Chairman

Elaine H.L. Ng
MRICS, MHKIS, RPS(GP), MCIREA
Real Estate Valuation Group
Vice President

EXECUTIVE SUMMARY

Property:	The Property comprises of a hotel known as “Sheraton Chengdu Lido Hotel” located at No. 15, Section 1 of Ren Min Zhong Road, Qingyang District, Chengdu, Sichuan Province, the PRC (中華人民共和國四川省成都市青羊區人民中路一段15號「天府麗都喜來登飯店」)
Description:	The Property is a 37-storey hotel including basement levels, which comprising retail shops, hotel rooms and other ancillary facilities.
Site Area:	4,614.69 square metres
Registered Owner:	Chengdu Changtian Co., Ltd. (成都長天有限公司) (“CC”)
Gross Floor Area:	56,350.00 square metres
State-owned Land Use Certificate:	Cheng Guo Yong (2007) No. 52(成國用(2007)第52號)
Building Ownership Certificate:	Cheng Fang Quan Zheng Jian Zheng Zi No. 1613937(成房權證監證字第1613937號)
Valuation Date:	December 31, 2023
Valuation Methodology:	Income Capitalization Approach
Market Value in Existing State:	RMB583,000,000

VALUATION REPORT

VALUATION PARTICULARS

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
1. A Hotel known as "Sheraton Chengdu Lido Hotel" located at No. 15, Section 1 of Ren Min Zhong Road, Qingyang District, Chengdu, Sichuan Province, the PRC, the People's Republic of China	<p>The Property is a 37-storey hotel including basement levels completed in about 2000.</p> <p>The Property has a total gross floor area of approximately 56,350 square metres.</p> <p>As advised by the Company, the hotel portion is under renovation phase by phase and is estimated to be fully completed in early-2026.</p> <p>The hotel portion is held by CC for a term to be expired on January 17, 2049 for composite use.</p>	As at the valuation date, the Property was operated as a hotel under the brand name of Sheraton Chengdu Lido Hotel.	583,000,000

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate (國有土地使用證), 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 January 18, 2007, the land use rights with site area of 4,614.69 square metres are held by Chengdu Changtian Co., Ltd. (成都長天有限公司) for a term expiring on January 17, 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), issued by Chengdu Real Estate Management Bureau (成都市房產管理局) dated November 30, 2007, the building ownership with a total gross floor area of 56,350 square metres is held by Chengdu Changtian Co., Ltd.
3. We have prepared our valuation based on the following assumptions:
 - a) CC possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The Property is not subject to any encumbrances, litigations or disputes.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or value presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.
6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Kroll.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the Property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

VALUATION REPORT

March 1, 2024

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.:169577-D

Dear Sirs,

Pursuant to the terms and conditions of an Engagement Letter dated December 15, 2022 between ourselves, we are instructed by you, Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Value of the property interest of a hotel known as "Hyatt Regency Metropolitan Chongqing" located at No. 68 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. (重慶東廣大都會酒店有限公司).

As instructed, we, Kroll (HK) Limited ("Kroll") has made a determination of the value in its existing state of the Property as of December 31, 2023 (the "valuation date").

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

BASIS OF VALUATION

Our valuation represents our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

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

VALUATION METHODOLOGY

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

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

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

The key value drivers of the Income Capitalization Approach are the market rent and the capitalization rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalization rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalization rates are applied to capitalize the rental income generated for the unexpired term of the land use rights of the Property until August 30, 2044. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

TITLE DOCUMENTS

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

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

VALUATION REPORT

ASSUMPTIONS

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

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

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

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

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

LIMITING CONDITIONS

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

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

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

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

REMARKS

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

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

Our valuation is prepared in accordance with the “HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

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

We enclose herewith our valuation reports and market overview.

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Patrick Y.W. Wu
FRICS
Valuation Services
Vice Chairman

Elaine H.L. Ng
MRICS, MHKIS, RPS(GP), MCIREA
Real Estate Valuation Group
Vice President

VALUATION REPORT

EXECUTIVE SUMMARY

Property:	The Property comprises of a hotel known as “Hyatt Regency Metropolitan Chongqing” located at No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC (中華人民共和國重慶市渝中區鄒容路68號「重慶大都會凱悅酒店」)
Description:	The Property is a 38-storey hotel development including three basement levels, which comprising retail shops, hotel rooms, serviced apartment rooms and other ancillary facilities.
Site Area:	18,072.70 square metres
Registered Owner:	Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. (重慶東廣大都會酒店有限公司)
Gross Floor Area:	52,238.10 square metres
Real Estate Title Certificate:	Yu (2023) Yu Zhong Qu Bu Dong Chan Quan Di No. 000779298 渝(2023)渝中區不動產權第000779298號 Yu (2023) Yu Zhong Qu Bu Dong Chan Quan Di No. 000779412 渝(2023)渝中區不動產權第000779412號
Valuation Date:	December 31, 2023
Valuation Methodology:	Income Capitalization Approach

Market Value in Existing State:

Uses	Market Value in Existing State (RMB)
Hotel	398,500,000
Service Apartment	6,000,000
Total:	404,500,000

VALUATION PARTICULARS

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
1. A hotel known as “Hyatt Regency Metropolitan Chongqing” located at No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC	<p>The Property is a 38-storey hotel development including basement levels completed in about 1999.</p> <p>The Property has a total gross floor area of approximately 52,238.10 sq.m. The Property comprises the hotel portion, the service apartment portion and the car park portion with a gross floor area of approximately 50,415.97 sq.m., 1,320.60 sq.m. and 501.53 sq.m. respectively.</p> <p>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-2026.</p> <p>The Property is held by Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. for a term to be expired on August 30, 2044 for commercial and car parking uses.</p>	As at the valuation date, the Property was operating as a 5-star hotel.	404,500,000

Notes:

1. Pursuant to the Real Estate Title Certificate (不動產權證), Yu (2023) Yu Zhong Qu Bu Dong Chan Quan Di No. 000779298(渝(2023)渝中區不動產權第000779298號) issued by the Chongqing Yuzhong District Planning and Natural Resources Bureau (重慶市渝中區規劃和自然資源局) dated August 2, 2023, the land use rights of the Property with a site area of 18,072.70 square metres and the building ownership rights with a gross floor area of 51,736.57 square metres are held by Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. (重慶東廣大都會酒店有限公司) for a term expiring on August 30, 2044 for commercial and catering use.
2. Pursuant to the Real Estate Title Certificate (不動產權證), Yu (2023) Yu Zhong Qu Bu Dong Chan Quan Di No. 000779412(渝(2023)渝中區不動產權第000779412號) issued by the Chongqing Yuzhong District Planning and Natural Resources Bureau (重慶市渝中區規劃和自然資源局) dated August 2, 2023, the land use rights of the Property with a site area of 18,072.70 square metres and the building ownership rights with a gross floor area of 501.53 square metres are held by Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. (重慶東廣大都會酒店有限公司) for a term expiring on August 30, 2044 for car parking use.
3. We have prepared our valuation based on the following assumptions:
 - a) Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION REPORT

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or value presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.
6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Kroll.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the Property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

March 1, 2024

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.: 169577-E

Dear Sirs,

Pursuant to the terms and conditions of an Engagement Letter dated December 15, 2022 between ourselves, we are instructed by you, Hui Xian Asset Management Limited and DB Trustees (Hong Kong) Limited (together as the "Company") to provide our opinion of Market Value of the property interest of a hotel and serviced apartment known as "The Westin Shenyang" Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC") (the "Hotel Portion" and the "Serviced Apartment Portion") and the staff quarters of the hotel located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the PRC (the "Staff Quarters Portion") (or hereafter referred as the "Property" or the "property interest"). The Property is held by Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("SLB").

As instructed, we, Kroll (HK) Limited ("Kroll") has made a determination of the value in its existing state of the Property as of December 31, 2023 (the "valuation date").

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

BASIS OF VALUATION

Our valuation represents our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

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

VALUATION REPORT

VALUATION METHODOLOGY

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

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

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

The key value drivers of the Income Capitalization Approach are the market rent and the capitalization rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalization rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalization rates are applied to capitalize the rental income generated for the unexpired term of the land use rights of the Property until 21 April 2049. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

TITLE DOCUMENTS

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

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

ASSUMPTIONS

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

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

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

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

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

LIMITING CONDITIONS

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

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

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

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

VALUATION REPORT

REMARKS

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

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

Our valuation is prepared in accordance with the “HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

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

We enclose herewith our valuation reports and market overview.

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Patrick Y.W. Wu
FRICS
Valuation Services
Vice Chairman

Elaine H.L. Ng
MRICS, MHKIS, RPS(GP), MCIREA
Real Estate Valuation Group
Vice President

EXECUTIVE SUMMARY

Property:	The Property comprises of a hotel and service apartment known as “The Westin Shenyang” Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, The PRC and the staff quarters of the hotel located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the PRC (中華人民共和國遼寧省瀋陽市和平區青年大街370及386號「瀋陽威斯汀酒店」之酒店及服務式公寓及位於中華人民共和國遼寧省瀋陽市和平區文安路14-3號的酒店員工宿舍)
Description:	The Westin Shenyang 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 square metres The Staff Quarters Portion: 375.18 square metres
Registered Owner:	Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) (“SLB”)
Gross Floor Area:	According to the information provided by SLB, the breakdown of gross floor area (“GFA”) is as follow:

Uses	GFA (sq.m.) (approx.)
Hotel	57,226.22
Service Apartment	21,225.19
Staff Quarters	2,306.92
Total:	80,758.33

State-owned Land Use Certificate:	<p>The Hotel and Service Apartment Portions: Shenyang Guo Yong (2007) Di No. 0135(瀋陽國用(2007)第0135號)</p> <p>Shenyang Guo Yong (2011) Di Nos. HP05041, HP05316 and HP05407(瀋陽國用(2011)第HP05041號、HP05316號及HP05407號)</p> <p>The Staff Quarters Portion: Shenyang Guo Yong (2011) Di No. HP05042(瀋陽國用(2011)第HP05042號)</p> <p>Shenyang Guo Yong (2011) Di No. HP05043(瀋陽國用(2011)第HP05043號)</p>
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VALUATION REPORT

Building Ownership Certificate: 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)

Valuation Date: December 31, 2023

Valuation Methodology: Income Capitalization Approach and Market Approach

Market Value in Existing State:

Uses	Market Value in Existing State (RMB)
Hotel	496,000,000
Service Apartment	177,000,000
Staff Quarters	No commercial value
Total:	673,000,000

The Property comprises of a hotel and service apartment of The Westin Shenyang and the staff quarters of the hotel. In the following sections, each portion of the Property is described separately in details.

VALUATION PARTICULARS

Hotel Portion

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
1.	<p>The Hotel Portion of the “Softel Shenyang Lido” located at Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People’s Republic of China</p> <p>The Property comprises 21 levels of a 30-storey tower 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.</p> <p>The Property has a total gross floor area of approximately 57,226.22 square metres.</p> <p>As advised by the Company, the hotel portion comprises 374 hotel rooms.</p> <p>The hotel portion is held under land use rights term to be expired on April 9, 2047.</p>	<p>As at the valuation date, the hotel portion of the Property was operated under the brand name of The Westin Shenyang.</p>	496,000,000

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2007) Di No. 0135(瀋陽國用(2007)第0135號) issued by the People’s Government of Shenyang Municipality (瀋陽市人民政府) dated April 20, 2007, the land use rights of the Hotel Portion of the Property with a site area of 2,966 square metres are held by Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) (“Shenyang Lido Business”) for a term expiring on April 9, 2047 for commercial use.
- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05407(瀋陽國用(2011)第HP05407號) issued by the People’s Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 178.79 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.
- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05316(瀋陽國用(2011)第HP05316號) issued by the People’s Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 1,763.59 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.
- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Zi Di No. HP05041(瀋陽國用(2011)字第HP05041號) issued by the People’s Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 4,461.62 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for commercial use.

VALUATION REPORT

5. Pursuant to the Real Estate Certificate (不動產權證), Liao (2018) Shen Yang Shi Bu Dong Chan Quan Zheng Di No. 0106750(遼(2018)瀋陽市不動產權證第0106750號) issued by the Planning and Land Resources Bureau of Shenyang City (瀋陽市規劃和國土資源局), the buildings with gross floor area of 21,390.92 square metres are held by Shenyang Lido Business.
6. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12749(瀋房權證市和平字第12749號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 2,198.42 square metres are held by Shenyang Lido Business.
7. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12750(瀋房權證市和平字第12750號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 54,862.07 square metres are held by Shenyang Lido Business.
8. We have prepared our valuation based on the following assumptions:
 - a) SLB possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION PARTICULARS

Service Apartment Portion

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
2.	<p>The Service Apartment Portion of the "Softel Shenyang Lido" located at Nos. 370 and 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People's Republic of China</p> <p>The Property has a total gross floor area and lettable area of approximately 21,225.19 sq.m. and 20,178.19 sq.m. respectively.</p> <p>The hotel portion is held under land use rights term to be expired on April 9, 2047.</p>	<p>According to the tenancy schedule dated December 31, 2023 provided to us, the apartment portion of the Property is let under various tenancies for various terms with the latest expiring in July 2026, yielding a total monthly rental income of RMB653,152 exclusive of management fee and value-added tax.</p>	177,000,000

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2007) Di No. 0135(瀋陽國用(2007)第0135號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated April 20, 2007, the land use rights of the Hotel Portion of the Property with a site area of 2,966 square metres are held by Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("Shenyang Lido Business") for a term expiring on April 9, 2047 for commercial use.
- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05407(瀋陽國用(2011)第HP05407號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 178.79 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.
- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05316(瀋陽國用(2011)第HP05316號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 1,763.59 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.
- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Zi Di No. HP05041(瀋陽國用(2011)字第HP05041號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 4,461.62 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for commercial use.
- Pursuant to the Real Estate Certificate (不動產權證), Liao (2018) Shen Yang Shi Bu Dong Chan Quan Zheng Di No. 0106750(遼(2018)瀋陽市不動產權證第0106750號) issued by the Planning and Land Resources Bureau of Shenyang City (瀋陽市規劃和國土資源局), the buildings with gross floor area of 21,390.92 square metres are held by Shenyang Lido Business.
- Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12749(瀋房權證市和平字第12749號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 2,198.42 square metres are held by Shenyang Lido Business.
- Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12750(瀋房權證市和平字第12750號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 54,862.07 square metres are held by Shenyang Lido Business.

VALUATION REPORT

8. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
9. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.
10. Based on the tenancy information provided by SLB, our analysis of the existing tenancy profile (excluding advertising spaces and turnover rent) is set out below:

Occupancy Profile

Type	Lettable Area (sq.m.) (approx.)	% of total
Leased	7,871.76	39.0%
Vacant	12,306.43	61.0%
Total	20,178.19	100.0%

Tenancy Commencement Profile (excluding rental income from turnover)

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2018	118.71	1.51%	11,321	1.73%	1	2.50%
2019	1,551.94	19.72%	130,189	19.93%	5	12.50%
2020	1,093.44	13.89%	83,719	12.82%	5	12.50%
2021	94.38	1.20%	8,490	1.30%	1	2.50%
2022	1,832.83	23.28%	145,009	22.20%	9	22.50%
2023	3,180.46	40.40%	274,424	42.02%	19	47.50%
Total	7,871.76	100.00%	653,152	100.00%	40	100.0%

Tenancy Expiry Profile (excluding rental income from turnover)

Year	Leased Area (sq.m.) (approx.)		Monthly Rental (RMB) (approx.)		No. of Tenancies	
		% of total		% of total		% of total
2023	753.59	9.57%	57,547	8.81%	3	7.50%
2024	5,392.55	68.50%	448,265	68.63%	30	75.00%
2025	1,453.54	18.47%	119,340	18.27%	6	15.00%
2026	272.08	3.46%	28,000	4.29%	1	2.50%
Total	7,871.76	100.00%	653,152	100.00%	40	100.0%

Tenancy Duration Profile

Year	Leased Area		Monthly Rental		No. of Tenancies	% of total
	(sq.m.) (approx.)	% of total	(RMB) (approx.)	% of total		
Up to 1 year	2,695.87	34.25%	213,725	32.72%	15	37.50%
More than 1 year and up to 2 years	1,565.36	19.89%	138,086	21.14%	10	25.00%
More than 2 years and up to 3 years	574.36	7.29%	48,113	7.37%	3	7.50%
More than 3 years and up to 4 years	806.25	10.24%	60,775	9.30%	4	10.00%
More than 4 years and up to 5 years	1,493.37	18.97%	129,245	19.79%	5	12.50%
More than 5 years	736.55	9.36%	63,208	9.68%	3	7.50%
Total	7,871.76	100.00%	653,152	100.00%	40	100.00%

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

- a) SLB possesses the proper title of the Property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the Property or dispose of the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
- b) The buildings or structures of the Property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
- c) The Property is not subject to any encumbrances, litigations or disputes.

VALUATION REPORT

VALUATION PARTICULARS

The Staff Quarters Portion

No. Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at December 31, 2023 (RMB)
3.	<p>The Staff Quarters Portion located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the People's Republic of China</p> <p>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.</p> <p>The Property has a total gross floor area of approximately 2,306.92 sq.m..</p> <p>The land use rights of the Property have been allocated to SLB for an unspecified term for residential use.</p>	The Property is currently occupied by staffs of The Westin Shenyang as staff quarter.	No Commercial Value

Notes:

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

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

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

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

3. In the course of valuation, we have assigned no commercial value to the Staff Quarters of the Property as the land use rights of the Property are allocated in nature and cannot be freely transferred in the market.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or value presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.
6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Kroll.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the Property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

TRUSTEE'S REPORT

Hui Xian Asset Management Limited

(in its capacity as the REIT Manager of Hui Xian REIT)

Unit 303, 3rd Floor

Cheung Kong Center

2 Queen's Road Central

Hong Kong

Dear Sir,

Hui Xian Real Estate Investment Trust

Annual Confirmation for the period from 1 January 2023 to 31 December 2023

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 2023 to 31 December 2023.

DB Trustees (Hong Kong) Limited

(in its capacity as trustee of Hui Xian Real Estate Investment Trust)

Hong Kong, 5 March 2024

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 143 to 209, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information.

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 2023, 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.

INDEPENDENT AUDITOR'S REPORT

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 RMB27,057 million at 31 December 2023, representing 75% 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 2023, the fair value of investment properties decreased by RMB865 million.

A qualified external 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 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 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") 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
<p>Impairment assessment of buildings and right-of-use assets</p> <p>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.</p> <p>The Buildings and Right-of-use assets represent hotels, serviced apartments and related leasehold lands. As at 31 December 2023, 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 impairment assessments carried out by the Manager by assessing their value-in-use and fair value less costs of disposal and benchmark with the valuations carried out by the Valuer. 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.</p> <p>The Manager concluded that there is no impairment in respect of the Buildings and Right-of-use assets on 31 December 2023.</p>	<p>Our procedures in relation to the Manager’s assessment on the recoverable amounts of the Buildings and Right-of-use assets included:</p> <ul style="list-style-type: none"> • 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.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

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 HKSA's 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 HKSA's, 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.

INDEPENDENT AUDITOR'S REPORT

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

8 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 RMB million	2022 RMB million
Revenue	5	2,345	2,202
Other income	6	105	136
Decrease in fair value of investment properties	13	(865)	(1,404)
Inventories consumed		(29)	(19)
Staff costs		(137)	(116)
Depreciation		(313)	(370)
Other operating expenses	7	(796)	(754)
Finance costs, including exchange differences	8	(537)	(867)
Manager's fees	9	(113)	(117)
Real estate investment trust expenses	10	(13)	(10)
Loss before taxation and transactions with unitholders		(353)	(1,319)
Income tax expense	11	(234)	(42)
Loss for the year, before transactions with unitholders		(587)	(1,361)
Distributions to unitholders		(227)	(517)
Loss for the year, after transactions with unitholders		(814)	(1,878)
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		23	1
Total comprehensive expense for the year, after transactions with unitholders		(791)	(1,877)
Loss for the year, before transactions with unitholders attributable to:			
Non-controlling interests		(25)	(54)
Unitholders		(562)	(1,307)
		(587)	(1,361)
Total comprehensive expense for the year, after transactions with unitholders attributable to:			
Non-controlling interests		(25)	(54)
Unitholders		(766)	(1,823)
		(791)	(1,877)
Basic loss per unit (RMB)	12	(0.0893)	(0.2112)

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 RMB million	2022 RMB million
Loss for the year, before transactions with unitholders	(587)	(1,361)
Less: loss for the year attributable to non-controlling interests	25	54
Loss for the year attributable to unitholders, before transactions with unitholders	(562)	(1,307)
Adjustments <i>(Note (i))</i> :		
Manager's fees	82	85
Deferred tax	(6)	(6)
Net unrealised exchange loss on bank loans and loan front-end fee	94	665
Net realised exchange (loss) gain on bank loans and loan front-end fee	(146)	18
Difference between cash and accounting finance costs	6	14
Other non-cash gain	(1)	(7)
	29	769
Total adjusted loss	(533)	(538)
Additional available amount <i>(Note (ii))</i> :	760	1,113
Amount available for distribution	227	575
Payout ratio <i>(Note (iii))</i>	100%	90%
Additional amount distributed <i>(Note (ii))</i>	227	517
Distributions to unitholders <i>(Note (iv))</i>		
– Interim distribution paid	219	319
– Final distribution payable	8	198
	227	517
Distribution per unit <i>(RMB) (Note (iv))</i>		
Interim distribution per unit	0.0348	0.0516
Final distribution per unit	0.0013	0.0318
	0.0361	0.0834

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

Notes:

- (i) Adjustments for the year include:
- (a) For the year ended 31 December 2023, Manager's fees paid and payable in units of RMB82 million (44,750,691 units issued and 46,612,168 units estimated to be issued) out of the total Manager's fees of RMB113 million. The difference of RMB31 million is paid or payable in cash.
- 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.
- (b) For the year ended 31 December 2023, deferred tax credit of RMB6 million (2022: RMB6 million) in relation to accelerated tax depreciation.
- (c) Net unrealised exchange loss on bank loans and loan front-end fee of RMB94 million for the year ended 31 December 2023 (2022: RMB665 million).
- (d) Accumulated net unrealised exchange loss of RMB146 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 2023 (2022: Net realised exchange gain on bank loans and loan front-end fee of RMB18 million).
- (e) Adjustment of RMB6 million in respect of accounting finance costs less cash finance costs during the year ended 31 December 2023 (2022: RMB14 million).
- (f) Other non-cash gain of RMB1 million for the year ended 31 December 2023 (2022: RMB7 million).

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 RMB760 million be available for addition (2022: RMB1,113 million) to arrive at the amount available for distribution during the year ended 31 December 2023 and additional amount distributed during the year ended 31 December 2023 is RMB227 million (2022: RMB517 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 RMB533 million for the year ended 31 December 2023 (2022: RMB538 million), the Manager determined an amount of RMB227 million to be available for distribution for the year (2022: RMB575 million) as referred to in Note (ii) above.

Distributions to unitholders for the year ended 31 December 2023 represent a payout ratio of 100% (2022: 90%) of such amount available for distribution for the year.

- (iv) The interim distribution per unit of RMB0.0348 for the six months ended 30 June 2023, paid on 27 September 2023, is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB242,784,085 over 6,286,793,211 units, representing issued units as at 30 June 2023. The final distribution per unit is RMB0.0013 for the six months ended 31 December 2023, payable on 28 or around May 2024, is calculated based on 100% of Hui Xian REIT's amount available for distribution for the year of RMB226,816,329, less distribution to unitholders for the six months ended 30 June 2023, over 6,353,099,752 units, representing issued units as at 31 December 2023.

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, paid on 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	<i>NOTES</i>	2023 RMB million	2022 RMB million
Non-current assets			
Investment properties	13	27,057	27,739
Property, plant and equipment	14	2,050	1,994
Right-of-use assets	15	3,547	3,759
Goodwill		2	2
Total non-current assets		32,656	33,494
Current assets			
Inventories	16	18	21
Trade and other receivables	17	116	126
Bank balances and cash	18	3,470	4,759
Total current assets		3,604	4,906
Total assets		36,260	38,400
Current liabilities			
Trade and other payables	19	546	472
Tenants' deposits		224	233
Tax payable		8	21
Manager's fee payable		55	56
Distribution payable		8	198
Bank loans	20	3,801	3,388
Total current liabilities		4,642	4,368
Total assets less current liabilities		31,618	34,032

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	<i>NOTES</i>	2023 RMB million	2022 RMB million
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	2,800	4,452
Tenants' deposits		378	393
Deferred tax liabilities	21	6,230	6,308
Total non-current liabilities, excluding net assets attributable to unitholders		9,408	11,153
Total liabilities, excluding net assets attributable to unitholders		14,050	15,521
Non-controlling interests		126	151
Net assets attributable to unitholders		22,084	22,728
<hr/>			
Units in issue ('000)	22	6,353,100	6,230,359
<hr/>			
Net asset value per unit (RMB) attributable to unitholders	23	3.4762	3.6480

The consolidated financial statements on pages 143 to 209 were approved and authorised for issue by the Board of Directors of the Manager on 8 March 2024 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 2023

	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2022	24,455	205	24,660
Units issued for settlement of Manager's fees (<i>Note 22</i>)	87	–	87
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final distributions (<i>Note 22</i>)	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
Units issued for settlement of Manager's fees (<i>Note 22</i>)	83	–	83
Units issued pursuant to the distribution reinvestment arrangement in respect of 2022 final and 2023 interim distributions (<i>Note 22</i>)	39	–	39
	22,850	151	23,001
Loss for the year, before transactions with unitholders	(562)	(25)	(587)
Distributions to unitholders			
– Interim distribution paid	(219)	–	(219)
– Final distribution payable	(8)	–	(8)
Other comprehensive income for the year	23	–	23
Total comprehensive expense for the year, after transactions with unitholders	(766)	(25)	(791)
Net assets as at 31 December 2023	22,084	126	22,210

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 RMB million	2022 RMB million
Operating activities			
Loss before taxation and transactions with unitholders		(353)	(1,319)
Adjustments for:			
Loss on disposal of property, plant and equipment		14	17
Depreciation of property, plant and equipment		144	200
Depreciation of right-of-use assets		169	170
Decrease in fair value of investment properties		865	1,404
Interest income		(100)	(128)
Exchange loss		138	661
Interest expenses		399	206
Manager's fees accrued, units portion		82	85
Operating cash flows before movements in working capital		1,358	1,296
Decrease in inventories		3	3
Decrease (Increase) in trade and other receivables		8	(16)
Decrease in trade and other payables		(7)	–
Decrease in tenants' deposits		(24)	(57)
Decrease in Manager's fee payable		–	(2)
Cash generated from operations		1,338	1,224
Income and withholding tax paid		(333)	(330)
Net cash from operating activities		1,005	894
Investing activities			
Placement of deposits in banks		(4,898)	(6,102)
Purchase of property, plant and equipment		(146)	(182)
Additions to investment properties	13	(99)	(11)
Proceeds on disposal of property, plant and equipment		–	1
Withdrawal of deposits in banks		7,487	6,524
Interest received		102	143
Net cash from investing activities		2,446	373

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 RMB million	2022 RMB million
Financing activities			
Net proceeds from new bank loans raised		–	650
Repayment of bank loans		(1,383)	(1,959)
Distributions paid to unitholders		(378)	(470)
Interest paid		(382)	(187)
Payment of loan arrangement fees		(8)	–
Net cash used in financing activities		(2,151)	(1,966)
Net increase (decrease) in cash and cash equivalents		1,300	(699)
Cash and cash equivalents at the beginning of the year		2,170	2,869
Cash and cash equivalents at the end of the year	18	3,470	2,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 its units were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKSE”) since 29 April 2011. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, the Manager has elected to receive 70% (2022: 70%) base fee in units and 30% (2022: 30%) in cash in respect of the financial year ended 31 December 2023.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, the Manager has elected to receive 70% (2022: 70%) variable fee in units and 30% (2022: 30%) in cash in respect of the financial year ended 31 December 2023.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 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").

As at 31 December 2023, the Group has net current liabilities of RMB1,038 million. The Manager is of the opinion that, taking into account the headroom of the fair value of investment properties for obtaining additional banking facilities and the assumption that the bank loans will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the date of the issuance of the consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information

(a) *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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(b) 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.

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(c) **Revenue recognition** (Continued)

Revenue from contracts with customers (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(d) 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.

(e) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(e) Property, plant and equipment (Continued)

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.

(f) 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.

(g) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(g) *Financial instruments* (Continued)

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.

*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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(g) *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

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
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(g) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 *Financial Instruments* (Continued)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(g) **Financial instruments** (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 *Financial Instruments* (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(g) *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(g) Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities (Continued)

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.

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.

(h) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(h) **Impairment on property, plant and equipment and right-of-use assets** (Continued)

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.

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.

(i) **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(i) **Leases** (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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”.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(i) **Leases** (Continued)

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.

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.

(i) **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(k) 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”.

(l) 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.

(m) Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(m) 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.

(n) 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.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Material accounting policy information (Continued)

(p) *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.

2.3 Impact arising from recently issued accounting standards

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period on 1 January 2023 for the preparation of the consolidated financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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.

The application of the new and amendments to HKFRSs, the agenda decision and HKICPA guidance in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Impact arising from recently issued accounting standards (Continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies (Continued)

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 2 to the consolidated financial statements.

Impacts on application of the agenda decision of the Committee - Definition of a Lease – Substitution Rights

In April 2023, the Committee published the agenda decision which addressed: (i) the level at which to evaluate whether a contract contains a lease when the contract is for the use of more than one similar asset i.e. by considering each asset separately or all assets together; and (ii) how to assess whether a contract contains a lease applying IFRS 16 when the supplier has substitution rights to substitute alternative assets, but would not benefit economically from the exercise of its right to substitute the asset throughout the period of use.

The Committee concluded that, (i) the level to assess whether the contract contains a lease is at each identified asset level; and (ii) the supplier’s right is not substantive because the supplier is not expected to benefit economically from exercising its right to substitute an asset throughout the period of use.

The application of the Committee’s agenda decision has had no material impact on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Impact arising from recently issued accounting standards (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The application of the HKICPA guidance has had no material impact on the Group’s consolidated financial statements.

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

The Manager anticipates that the application of the 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 following 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 RMB3,670 million as at 31 December 2023 (2022: RMB3,775 million).

Key sources of estimation uncertainty

The following 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 2.2(d) and 13, as at 31 December 2023, investment properties of RMB27,057 million (2022: RMB27,739 million) are stated at fair value based on the valuation performed by a qualified external 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 qualified external valuer, the Manager has exercised its judgement and is satisfied that valuation methodology 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2.2(e) and (i), 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 2023, 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 a qualified external 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 2023 (2022: Nil). As at 31 December 2023, in respect of hotels and serviced apartments, the carrying amounts of the Group's buildings and right-of-use assets are RMB1,638 million (2022: RMB1,546 million) and RMB3,509 million (2022: RMB3,675 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 Westin Residences Shenyang (previously known as Sofitel Shenyang Lido), Shenyang, the PRC.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, The Westin Shenyang (previously known as Sofitel Shenyang Lido), Shenyang, the PRC, Hyatt Regency Metropolitan Chongqing (previously known as Hyatt Regency Liberation Square Chongqing), Chongqing, the PRC and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results

For the year ended 31 December 2023

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,066	720	169	390	2,345
Segment profit	779	473	82	34	1,368
Decrease in fair value of investment properties					(865)
Finance costs, including exchange differences					(537)
Unallocated depreciation					(292)
Unallocated income					102
Unallocated expense					(129)
Loss before taxation and transactions with unitholders					(353)

For the year ended 31 December 2022

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,086	779	171	166	2,202
Segment profit (loss)	793	522	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)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. SEGMENT REPORTING (Continued)

(b) Segment assets

The following is an analysis of the Group's assets by operating segment:

	2023 RMB million	2022 RMB million
Offices	14,573	14,423
Malls	12,575	13,475
Apartments	1,915	2,246
Hotels	3,816	3,504
Total segment assets	32,879	33,648
Unallocated bank balances and cash	3,316	4,682
Other assets	65	70
Consolidated total assets	36,260	38,400

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. SEGMENT REPORTING (Continued)

(d) Other segment information

For the year ended 31 December 2023

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Unallocated RMB million	Consolidated total RMB million
Depreciation	1	1	1	18	21	292	313
Additions to non-current assets	14	85	2	221	322	1	323

For the year ended 31 December 2022

	Offices RMB million	Malls 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	5	6	1	217	229	1	230

5. REVENUE

For the year ended 31 December 2023

	Offices RMB million	Malls 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	-	-	-	279	279
Food and beverage	-	-	-	98	98
Carpark revenue	-	23	-	-	23
Ancillary services income	189	126	53	13	381
Rental income	189	149	53	390	781
	877	571	116	-	1,564
Total revenue	1,066	720	169	390	2,345
Timing of revenue recognition					
A point in time	28	34	3	108	173
Over time	161	115	50	282	608
Revenue from contracts with customers within the scope of HKFRS 15	189	149	53	390	781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. REVENUE (Continued)

For the year ended 31 December 2022

	Offices RMB million	Malls 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	191	122	61	9	383
Rental income	191	144	61	166	562
	895	635	110	–	1,640
Total revenue	1,086	779	171	166	2,202
Timing of revenue recognition					
A point in time	25	34	4	60	123
Over time	166	110	57	106	439
Revenue from contracts with customers within the scope of HKFRS 15					
	191	144	61	166	562

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 RMB11 million (2022: RMB7 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB536 million (2022: RMB554 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. OTHER INCOME

	2023 RMB million	2022 RMB million
Interest income from banks	100	128
Government subsidies	–	3
Others	5	5
Total	105	136

7. OTHER OPERATING EXPENSES

	2023 RMB million	2022 RMB million
Advertising and promotion	29	18
Audit fee	2	2
Insurance	5	5
Lease agency fee	28	15
Property manager's fee (<i>Note 1(a)</i>)	57	60
Property management fees	68	64
Repairs and maintenance	72	78
Other miscellaneous expenses (<i>Note</i>)	178	156
Stamp duty	2	2
Urban land use tax	3	3
Urban real estate tax	238	242
Utilities	90	81
Value added tax surcharges	10	11
Loss on disposal of property, plant and equipment	14	17
Total	796	754

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2023 RMB million	2022 RMB million
Net unrealised exchange loss on bank loans and loan front-end fee	94	665
Net realised exchange loss (gain) on bank loans and loan front-end fee arising on settlement	44	(4)
Interest expenses on unsecured bank loans	399	206
	537	867

9. MANAGER'S FEES

	2023 RMB million	2022 RMB million
Base fee (Note 1(c))	99	103
Variable fee (Note 1(c))	14	14
	113	117

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2023 RMB million	2022 RMB million
Trustee's fee (Note 1(b))	3	4
Legal and professional fees	4	1
Trust administrative expenses and others	6	5
	13	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. INCOME TAX EXPENSE

	2023 RMB million	2022 RMB million
The income tax expense comprises:		
Current tax		
– PRC Enterprise Income Tax	279	282
– Withholding tax	41	46
Deferred taxation (<i>Note 21</i>)	(86)	(286)
	234	42

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 the 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:

	2023 RMB million	2022 RMB million
Loss before taxation and transactions with unitholders	(353)	(1,319)
Tax at the applicable income tax rate of 25%	(88)	(330)
Tax effect of different tax rates of subsidiaries operating in other regions	(3)	(2)
Tax effect of income not taxable for tax purpose	(17)	(28)
Tax effect of expenses not deductible for tax purpose	168	247
Tax effect of tax losses and deductible temporary differences not recognised	132	114
Deferred tax on earnings of the Group's PRC subsidiaries	42	41
Income tax expense for the year	234	42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. LOSS PER UNIT

The loss per unit for the year ended 31 December 2023 is calculated by dividing the loss for the year attributable to unitholders before transactions with unitholders of RMB562 million (2022: RMB1,307 million) by the weighted average of 6,295,761,615 (2022: 6,184,883,619) 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 car parks 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 1% to 26% (2022: 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.

	2023 RMB million	2022 RMB million
FAIR VALUE		
At the beginning of the year	27,739	29,127
Additions	99	11
Transferred from property, plant and equipment	10	1
Transferred from right-of-use assets	74	4
Decrease in fair value recognised in profit or loss	(865)	(1,404)
At the end of the year	27,057	27,739

- (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 2023 and 2022 by Kroll (HK) Limited ("Kroll") and Knight Frank Petty Limited ("Knight Frank") respectively, qualified external valuers 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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% (2022: 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% (2022: 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 RMB261/sq.m./month (2022: RMB269/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 RMB326/sq.m./month (2022: RMB308/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB13,892 million as at 31 December 2023 (2022: RMB13,665 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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% (2022: 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% (2022: 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 RMB 674/sq.m./month (2022: RMB746/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 RMB 1,062/sq.m./month (2022: RMB1,100/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB10,759 million as at 31 December 2023 (2022: RMB11,393 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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% (2022: 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% (2022: 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 RMB87/sq.m./month (2022: RMB85/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 RMB101/sq.m./month (2022: RMB109/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB675 million as at 31 December 2023 (2022: RMB750 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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% (2022: 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% (2022: 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 RMB67/sq.m./month (2022: RMB66/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 RMB191/sq.m./month (2022: RMB277/sq.m./month).	The higher the reversionary rental, the higher the fair value

The fair value is estimated at RMB1,731 million as at 31 December 2023 (2022: RMB1,931 million).

The fair values of all investment properties at 31 December 2023 and 2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings			Plant and machinery	Construction in progress	Others	Total
	Hotels	Serviced apartments	Others				
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
COST							
At 1 January 2022	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
Additions for the year	37	2	–	7	169	9	224
Disposals for the year	(56)	–	(3)	(9)	–	(8)	(76)
Transfers	312	(134)	–	43	(262)	41	–
Transferred to investment properties	–	–	(16)	–	–	–	(16)
At 31 December 2023	2,333	946	21	334	86	272	3,992
ACCUMULATED DEPRECIATION							
At 1 January 2022	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
Provided for the year	89	26	3	5	–	21	144
Eliminated on disposals	(46)	–	(3)	(7)	–	(6)	(62)
Transfers	59	(59)	–	–	–	–	–
Transferred to investment properties	–	–	(6)	–	–	–	(6)
At 31 December 2023	1,152	489	12	150	–	139	1,942
CARRYING AMOUNTS							
At 31 December 2023	1,181	457	9	184	86	133	2,050
At 31 December 2022	990	556	22	141	179	106	1,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 and 2022 by the Manager with reference to the valuations carried out by Kroll and Knight Frank respectively, being qualified external valuers 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 2023	
Carrying amount	3,547
As at 31 December 2022	
Carrying amount	3,759
For the year ended 31 December 2023	
Depreciation charge	169
For the year ended 31 December 2022	
Depreciation charge	170

Included in right-of-use assets are leasehold lands related to hotels and serviced apartments, and other buildings owned by the Group of RMB3,509 million (2022: RMB3,675 million) and RMB37 million (2022: RMB83 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 2023, the carrying amounts of leasehold lands and office equipment are RMB3,546 million and RMB1 million (2022: RMB3,758 million and RMB1 million) respectively.

During the year ended 31 December 2023, an amount of RMB74 million (2022: RMB4 million) after revaluation was transferred to investment properties upon end of owner-occupation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. INVENTORIES

	2023 RMB million	2022 RMB million
Food and beverage	2	2
Other consumables	16	19
	18	21

17. TRADE AND OTHER RECEIVABLES

	2023 RMB million	2022 RMB million
Trade receivables	25	37
Deposits and prepayments	16	17
Advance to suppliers	6	8
Interest receivables	29	31
Other receivables	40	33
	116	126

Trade receivables include receivables arising from leasing arrangements and receivables arising from contracts with customers. As at 31 December 2023, trade receivables arising from contracts with customers amounted to RMB14 million (2022: RMB17 million).

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

	2023 RMB million	2022 RMB million
Less than or equal to 1 month	16	23
1 - 3 months	5	10
Over 3 months	4	4
	25	37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. TRADE AND OTHER RECEIVABLES (Continued)

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 (2022: 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 2023 and 2022.

Hotel revenue is normally settled by cash or credit card.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB18 million (2022: RMB30 million) which are past due as at the reporting date. Out of the past due balances, RMB4 million (2022: RMB4 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

	2023 RMB million	2022 RMB million
Cash at bank or on hand	1,764	1,825
Time deposits (with original maturity of three months or less)	1,706	345
Cash and cash equivalents	3,470	2,170
Time deposits (with original maturity of more than three months)	-	2,589
Total	3,470	4,759
Interest rate per annum is ranging as follows:		
Bank deposits – Time deposits	1.25% to 4.15%	1.55% to 3.25%

Bank balances carry interest at prevailing market rates as at 31 December 2023 and 2022.

Bank balances and cash are denominated in the following currencies:

	2023 RMB million	2022 RMB million
RMB	3,409	4,629
Hong Kong Dollar ("HK\$")	61	129
United States Dollar ("US\$")	-	1
	3,470	4,759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. TRADE AND OTHER PAYABLES

	2023 RMB million	2022 RMB million
Trade payables	223	146
Receipts in advance (Note (i))	182	193
Others (Note (ii))	141	133
	546	472

Notes:

- (i) Included in receipts in advance are contract liabilities amounting to RMB60 million (31 December 2022: RMB56 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 RMB52 million recognised during the year ended 31 December 2023 (2022: RMB49 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:

	2023 RMB million	2022 RMB million
Less than or equal to 3 months	153	92
Over 3 months	70	54
	223	146

Trade and other payables are denominated in the following currencies:

	2023 RMB million	2022 RMB million
HK\$	6	3
RMB	540	469
	546	472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. BANK LOANS

	2023 RMB million	2022 RMB million
Unsecured term loans	6,616	7,861
Loan front-end fee	(15)	(21)
	6,601	7,840
The maturities of the above bank loans are as follows:		
Within one year	3,801	3,388
More than one year but not exceeding two years	723	3,740
More than two years but not exceeding five years	2,077	712
	6,601	7,840
Less: Amounts shown under current liabilities	(3,801)	(3,388)
	2,800	4,452
Effective interest rate:		
Variable-rate borrowings	5.36% to 6.72%	2.28% to 3.53%

The credit facility of HK\$800 million granted to the Group in April 2020 was renewed on 2 May 2023 upon its expiry. The total amount of such credit facility utilised by the Group as at 31 December 2023 was HK\$800 million (equivalent to RMB725 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 April 2026.

The credit facility of HK\$5,000 million granted to the Group in November 2020 was partially prepaid on 18 July 2023 by HK\$1,500 million (equivalent to RMB1,385 million). The outstanding amount of the credit facility was renewed on 30 November 2023 upon its expiry. The total amount of such credit facility utilised by the Group as at 31 December 2023 was HK\$1,500 million (equivalent to RMB1,359 million). It bears interest at floating interest rate of HIBOR plus 1.08% per annum less corresponding sustainability margin adjustments (if any).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21. DEFERRED TAX

The following are the major components of deferred tax liabilities recognised and movements therein during the year:

	Others RMB million <i>(Note)</i>	Fair value of investment properties RMB million	Withholding tax on retained profits to be distributed RMB million	Total RMB million
At 1 January 2022	2,467	4,066	61	6,594
Charge (credit) to profit or loss <i>(Note 11)</i>	10	(291)	41	(240)
Release upon distribution of earnings <i>(Note 11)</i>	–	–	(46)	(46)
At 31 December 2022	2,477	3,775	56	6,308
Charge (credit) to profit or loss <i>(Note 11)</i>	18	(105)	42	(45)
Charge to reserve	8	–	–	8
Release upon distribution of earnings <i>(Note 11)</i>	–	–	(41)	(41)
At 31 December 2023	2,503	3,670	57	6,230

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

At 31 December 2023, no deferred tax asset was recognised for tax losses and deductible temporary differences amounting to RMB704 million (31 December 2022: RMB723 million) and RMB1,693 million (31 December 2022: RMB1,249 million) respectively due to the unpredictability of future profit streams. The tax losses would expire within five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. UNITS IN ISSUE

As at 31 December 2023, Hui Xian REIT had 6,353,099,752 (31 December 2022: 6,230,359,272) issued units.

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

	Number of units	RMB million
Balance at 1 January 2022	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 distribution (Note (ii))	7,754,532	9
Balance at 31 December 2022	6,230,359,272	29,310
Payment of Manager's fees through issuance of new units during the year (Note (i))	82,688,030	83
Units issued pursuant to the distribution reinvestment arrangement in respect of 2022 final and 2023 interim distributions (Note (ii))	40,052,450	39
Balance at 31 December 2023	6,353,099,752	29,432

Notes:

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

For the year ended 31 December 2023

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
12 May 2023	1 July 2022 to 31 December 2022	1.12	37,937,339
26 September 2023	1 January 2023 to 30 June 2023	0.91	44,750,691
			82,688,030

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

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FOR THE YEAR ENDED 31 DECEMBER 2023

22. UNITS IN ISSUE (Continued)

Notes: (Continued)

(ii) On 15 May 2023, 18,496,600 scrip units at an issue price of RMB1.09 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2022 final distribution.

On 27 September 2023, 21,555,850 scrip units at an issue price of RMB0.88 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2023 interim distribution.

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.

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 2023 of RMB22,084 million (2022: RMB22,728 million) and the total number of 6,353,099,752 units in issue as at 31 December 2023 (2022: 6,230,359,272 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 2023, the Group's gearing ratio is 18.2% (2022: 20.4%), being bank loans divided by total assets of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2023 RMB million	2022 RMB million
Financial assets		
<i>Amortised cost</i>		
Trade and other receivables	94	101
Bank balances and cash	3,470	4,759
	3,564	4,860
Financial liabilities		
<i>Amortised cost</i>		
Trade and other payables	364	279
Tenants' deposits	602	626
Manager's fee payable (<i>Note</i>)	13	13
Distribution payable	8	198
Bank loans (<i>Note 20</i>)	6,601	7,840
	7,588	8,956
Unitholders' funds	22,084	22,728

Note: The balance excludes Manager's fee payable of RMB42 million (2022: RMB43 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 (2022: 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 (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2023 would increase/decrease by RMB33 million (2022: RMB39 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

At 31 December 2023 and 2022, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	2023 RMB million	2022 RMB million
Assets		
HK\$	61	129
US\$	–	1
Liabilities		
HK\$	6,607	7,843

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.

	2023 RMB million	2022 RMB million
HK\$		
Decrease or increase in loss for the year	327	386

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 *Financial Instruments* 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 2023 and 2022, the Group did not provide additional loss allowance for trade receivables as the amount involved is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 and 2022. 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 (2022: 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 2023 and 2022.

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. In addition, the Manager observes the REIT Code concerning limits on total borrowings and monitors the level of borrowing to be within the permitted limit.

As at 31 December 2023, the Group had net current liabilities of RMB1,038 million (2022: Net current assets of RMB538 million). Taking into account the headroom of the fair value of investment properties of RMB27,057 million for obtaining additional banking facility and the assumption that the bank loans will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the date of the issuance of the consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

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 2023 RMB million
Non-derivative financial liabilities							
Trade and other payables	-	364	-	-	-	364	364
Tenants' deposits	-	92	133	138	239	602	602
Manager's fee payable	-	13	-	-	-	13	13
Distribution payable	-	-	8	-	-	8	8
Bank loans	5.56	107	4,100	880	2,181	7,268	6,601
		576	4,241	1,018	2,420	8,255	7,588

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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 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

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.

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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 2023 (2022: RMB10 million).

During the years ended 31 December 2023 and 2022, 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 2023 and 2022 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:

	2023 RMB million	2022 RMB million
Within one year	1,427	1,442
In the second year	996	1,002
In the third year	654	622
In the fourth year	416	391
In the fifth year	336	289
After five years	252	375
	4,081	4,121

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 (2022: 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 1% to 26% (2022: 0.6% to 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. CAPITAL COMMITMENTS

	2023 RMB million	2022 RMB million
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	148	331

29. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with connected and related parties (other than those connected party transactions that are exempted from disclosure and/or excluded pursuant to the waivers granted by the SFC and/or Hong Kong Listing Rules, unless those are required to be disclosed as related party transactions), and all these transactions were entered into the ordinary course of business and were on normal commercial terms:

Name of Connected/Related Party	Notes	2023 RMB'000	2022 RMB'000
Rent and rental related income			
CK Asset Holdings Limited	(a) & (f)	100	100
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	1,830	1,635
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	2,150	2,058
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a) & (f)	75	72
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	504	504
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(d)	934	846
Hotel room income			
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a) & (f)	4	4
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	3	-
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)	3	2
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(a) & (f)	-	14
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a) & (f)	16	-
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	3	-^

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	2023 RMB'000	2022 RMB'000
Interest income from connected subsidiary			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	5,756	2,404
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(b) & (f)	1,387	1,136
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)	19,589	21,820
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	22,749	23,526
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	18,414	16,715
Internet services fee			
CK Asset Holdings Limited	(a) & (f)	23	20
Trustee's fee			
DB Trustees (Hong Kong) Limited	(d)	3,302	3,411
Manager's fees			
Hui Xian Asset Management Limited	(b) & (f)	113,384	116,641
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	56,648	59,752
Rent & rental related expense			
Turbo Top Limited	(a) & (f)	441	463

Balances with connected and related parties as at 31 December 2023 and 2022 are as follows:

Name of Connected/Related Party	Notes	2023 RMB'000	2022 RMB'000
Loan receivable			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	135,000	71,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	2023 RMB'000	2022 RMB'000
Deposits placed with the Group for the lease of the Group properties			
CK Asset Holdings Limited 北京長樂房地產開發有限公司	(a) & (f)	25	25
(Beijing Chang Le Real Estates Development Co., Ltd.*) 北京港基世紀物業管理有限公司	(a) & (f)	1	1
(Beijing Citybase Century Property Management Ltd.*) 北京高衛世紀物業管理有限公司	(a) & (f)	527	504
(Beijing Goodwell Century Property Management Ltd.*) 北京穩得高投資顧問有限公司	(a) & (f)	538	538
(Beijing Wondergrow Investment and Consulting Co., Ltd.*) 北京匯賢企業管理有限公司	(a) & (f)	19	18
(Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	126	126
Deposits paid for the lease of property			
Turbo Top Limited	(a) & (f)	102	122
Other payables			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	440	3,553
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	711	3,752
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	659	1,701
Hui Xian Asset Management Limited 北京匯賢企業管理有限公司	(b) & (f)	55,208	56,099
(Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	3,194	7,208
Other receivable			
Hui Xian Asset Management Limited	(b) & (f)	139	99
Receipts in advance			
CK Asset Holdings Limited 北京穩得高投資顧問有限公司	(a) & (f)	9	9
(Beijing Wondergrow Investment and Consulting Co., Ltd.*) 北京匯賢企業管理有限公司	(a) & (f)	7	6
(Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	8	8
Prepayments			
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	2,850	2,850
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	94	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) These companies are associates¹ of Noblecrown which is a substantial holder² of Hui Xian REIT, and/or are subsidiaries or associates¹ of CK Asset Holdings Limited (being an associate¹ of Noblecrown which is a substantial holder² of Hui Xian REIT).
- (b) This company is the manager of Hui Xian REIT.
- (c) This company is an associate¹ or subsidiary of the Manager.
- (d) These companies are either the Trustee of Hui Xian REIT or an associate¹ of the Trustee.
- (e) This company is a connected subsidiary⁴ of Hui Xian REIT by virtue of CK Asset Holdings Limited, (being an associate¹ of Noblecrown which is a substantial holder² of Hui Xian REIT), which at the same time holds more than 10% of the voting power of this company.
- (f) These companies are also related parties³ of Hui Xian REIT.

¹ The term “associate” is defined under the Rules Governing the Listing of Securities on the HKSE (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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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				Principal activities	Name of property held
			Directly		Indirectly			
			2023	2022	2023	2022		
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	The Westin Shenyang
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 Metropolitan Hotel Co., Ltd.#	10 March 1999	Registered – US\$22,800,000	-	-	100%	100%	Hotel-operation in Chongqing, the PRC	Hyatt Regency Metropolitan 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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	
		2023	2022	2023	2022	2023	2022
				RMB million	RMB million	RMB million	RMB million
Shenyang Lido Business Co. Ltd	Shenyang, the PRC	30%	30%	(6)	(21)	102	108
Chengdu Changtian Co., Ltd.	Chengdu, the PRC	31%	31%	(19)	(33)	24	43
				(25)	(54)	126	151

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.

	2023 RMB million	2022 RMB million
Revenue	134	80
Expenses and taxation	(215)	(258)
Loss for the year	(81)	(178)
Loss and total comprehensive expense for the year, attributable to:		
Non-controlling interests	(25)	(54)
Unitholders	(56)	(124)
	(81)	(178)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 <i>(Note 20)</i>	Interest payable RMB million	Distribution payable RMB million	Total RMB million
At 1 January 2022	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
Financing cash flows	(1,391)	(382)	(378)	(2,151)
Exchange loss	138	–	–	138
Proposed distribution	–	–	227	227
Units in issue in respect of distributions	–	–	(39)	(39)
Interest expenses	14	385	–	399
At 31 December 2023	6,601	7	8	6,616

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

	1.1.2023 to 31.12.2023 RMB million	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
Revenue					
Gross rental from investment properties	1,730	1,809	2,018	2,022	2,383
Income from hotel operation	390	166	271	237	490
Income from serviced apartments operation	169	171	180	178	192
Rental related income	56	56	91	62	104
	2,345	2,202	2,560	2,499	3,169
(Loss) profit before taxation and transactions with unitholders	(353)	(1,319)	(185)	(833)	933
Income tax (expense) credit	(234)	(42)	(70)	115	(481)
(Loss) profit for the year, before transactions with unitholders	(587)	(1,361)	(255)	(718)	452
(Loss) profit for the year attributable to unitholders, before transactions with unitholders	(562)	(1,307)	(219)	(672)	484
	RMB	RMB	RMB	RMB	RMB
Basic (loss) earnings per unit	(0.0893)	(0.2112)	(0.0361)	(0.1129)	0.0831

SUMMARY OF DISTRIBUTIONS

	1.1.2023 to 31.12.2023 RMB million	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
Distributions to unitholders	227	517	570	520	1,273
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	0.0361	0.0834	0.0935	0.0866	0.2177

SUMMARY FINANCIAL INFORMATION

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2023 RMB million	31.12.2022 RMB million	31.12.2021 RMB million	31.12.2020 RMB million	31.12.2019 RMB million
Non-current assets	32,656	33,494	35,057	36,863	39,521
Current assets	3,604	4,906	6,029	5,891	6,954
Total assets	36,260	38,400	41,086	42,754	46,475
Current liabilities	4,642	4,368	2,240	1,231	3,682
Non-current liabilities, excluding net assets attributable to unitholders	9,408	11,153	14,186	16,230	16,523
Total liabilities, excluding net assets attributable to unitholders	14,050	15,521	16,426	17,461	20,205
Non-controlling interests	126	151	205	241	287
Net assets attributable to unitholders	22,084	22,728	24,455	25,052	25,983
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	3.4762	3.6480	3.9900	4.1651	4.4187

PERFORMANCE TABLE

	Notes	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Net assets attributable to unitholders (RMB million)		22,084	22,728	24,455	25,052	25,983
Net asset value per unit attributable to unitholders (RMB)		3.4762	3.6480	3.9900	4.1651	4.4187
Market capitalisation (RMB million)		5,781	6,542	8,581	10,887	19,287
Units issued (units)		6,353,099,752	6,230,359,272	6,129,115,187	6,014,651,998	5,880,262,459
Debts to net asset value ratio	1	29.9%	34.5%	34.6%	35.4%	41.8%
Debts to total asset value ratio	2	18.2%	20.4%	20.6%	20.8%	23.4%
		1.1.2023 to 31.12.2023	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
Highest traded unit price (RMB)		1.31	1.41	1.92	3.30	3.45
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)		0.81	0.79	1.33	1.36	3.16
Highest discount of the traded unit price to net asset value per unit		76.7%	78.3%	66.7%	67.3%	28.5%
Distribution per unit (RMB)		0.0361	0.0834	0.0935	0.0866	0.2177
Distribution yield per unit	4	3.97%	7.94%	6.68%	4.78%	6.64%

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 2023 announcing, among other information, the final distribution for the period from 1 July 2023 to 31 December 2023 ("2023 Final Distribution")	8 March 2024 (Friday)
Units quoted ex-2023 Final Distribution	21 March 2024 (Thursday)
Closure of register of Unitholders (for ascertaining entitlement to the 2023 Final Distribution)	25 March 2024 (Monday) to 27 March 2024 (Wednesday) (both dates inclusive)
Record date for 2023 Final Distribution	27 March 2024 (Wednesday)
Payment of the 2023 Final Distribution for cash distribution	28 May 2024 (Tuesday)

CORPORATE INFORMATION

MANAGER

Hui Xian Asset Management Limited
303 Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2121 1128
Fax: (852) 2121 1138

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-executive Director

KAM Hing Lam

Executive Directors

CHEUNG Ling Fung, Tom (*Chief Executive Officer*)
LEE Chi Kin, Casey (*Chief Operating Officer*)
LAI Wai Yin, Agnes (*Chief Financial Officer*)

Non-executive Directors

IP Tak Chuen, Edmond
LIM Hwee Chiang

Independent Non-executive Directors

LEE Chack Fan
CHOI Koon Shum, Jonathan
YIN Ke
WU Ting Yuk, Anthony

BOARD COMMITTEES

Audit Committee

YIN Ke (*Chairman*)
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
WU Ting Yuk, Anthony

Disclosures Committee

CHEUNG Ling Fung, Tom (*Chairman*)
IP Tak Chuen, Edmond
LEE Chack Fan

Nomination Committee

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

Kroll (HK) Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

INVESTOR RELATIONS

TONG BARNES Wai Che, Wendy
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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 limited liability company 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

Hui Xian Asset Management Limited

(as the manager of Hui Xian REIT)

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