



**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

*15th anniversary  
of Beijing Oriental Plaza*



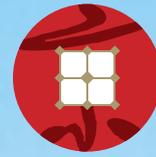
2015 ANNUAL REPORT

## **HUI XIAN REIT**

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited (the “Manager”), and DB Trustees (Hong Kong) Limited (“Trustee”) (as amended by three supplemental deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 respectively) (“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, 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 ultimately owned as to 40% by CITIC Securities International Company Limited, 30% by Cheung Kong Property Holdings Limited and 30% by ARA Asset Management Limited.



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# FINANCIAL HIGHLIGHTS

## For the financial year from 1 January 2015 to 31 December 2015

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014	Percentage Change
Total Revenue ( <i>RMB million</i> )	<b>3,050</b>	2,795	+9.1%
Net Property Income ( <i>RMB million</i> )	<b>2,036</b>	1,852	+9.9%
Amount Available for Distribution ( <i>RMB million</i> )	<b>1,479</b>	1,364	+8.4%
Distributions to Unitholders ( <i>RMB million</i> )	<b>1,449</b>	1,350	+7.4%
Distribution per Unit ( <i>RMB</i> )	<b>0.2700</b>	0.2567	+5.2%
Payout Ratio	<b>98%</b>	99%	N/A
Distribution Yield	<b>8.11%<sup>(1)</sup></b>	7.38% <sup>(2)</sup>	N/A

	As at 31 Dec 2015	As at 31 Dec 2014	Percentage Change
Gross Asset Value ( <i>RMB million</i> )	<b>46,704</b>	42,228	+10.6%
Net Asset Value Attributable to Unitholders ( <i>RMB million</i> )	<b>27,557</b>	28,564	-3.5%
Net Asset Value per Unit ( <i>RMB</i> )	<b>5.1231</b>	5.3919	-5.0%
Debts to Gross Asset Value	<b>20.2%</b>	9.2%	N/A

Notes:

- (1) Based on the closing price of the units of Hui Xian REIT ("Units") on 31 December 2015 and the actual distribution amount for the period from 1 January 2015 to 31 December 2015.
- (2) Based on the closing price of the Units on 31 December 2014 and the actual distribution amount for the period from 1 January 2014 to 31 December 2014.

## CHAIRMAN'S STATEMENT



**H L KAM**  
*Chairman*

**2015 was an eventful year for Hui Xian REIT: it marked the 15th anniversary of Beijing Oriental Plaza, Hui Xian REIT's flagship asset; and the completion of acquisition of Chongqing Metropolitan Oriental Plaza.**

2015 was a challenging year marked by a worldwide economic slowdown and increased international volatility. Nonetheless, Hui Xian REIT kept the growth momentum amid global market turmoil during the year.

The amount available for distribution for the period from 1 January 2015 to 31 December 2015 ("Reporting Period") increased 8.4% year-on-year to RMB1,479 million. The increase was driven by the organic growth from the existing leasing and hotel portfolio, and the additional income contributed by the newly acquired Chongqing Metropolitan Oriental Plaza from 2 March 2015 to 31 December 2015.

### **RESULTS AND DISTRIBUTION**

Total revenue for the Reporting Period was RMB3,050 million, an increase of 9.1% year-on-year. Net property income ("NPI") was RMB2,036 million, a rise of 9.9% from a year ago.

Gross asset value amounted to RMB46,704 million, a 10.6% growth compared to that as at 31 December 2014. Net asset value attributable to unitholders was RMB27,557 million compared with RMB28,564 million as at 31 December 2014.

The amount available for distribution for the Reporting Period increased 8.4% year-on-year to RMB1,479 million. The distribution per unit ("DPU") for the second half of the year was RMB0.1337. Together with the interim DPU, the total DPU for the year increased 5.2% year-on-year to RMB0.2700.

The distribution yield was 8.11% based on the closing unit price of RMB3.33 on 31 December 2015.

### **AN EVENTFUL YEAR**

2015 was an eventful year for Hui Xian REIT: it marked the 15th anniversary of Beijing Oriental Plaza, Hui Xian REIT's flagship asset; and the completion of acquisition of Chongqing Metropolitan Oriental Plaza.

#### **Beijing Oriental Plaza Celebrated 15th Anniversary**

Since its opening in 2000, Beijing Oriental Plaza has established itself as the landmark of Beijing. Located in Wangfujing, the 800,000-square metre mixed-use development comprises a 130,000-square metre shopping centre, eight Grade A offices towers, two serviced apartment towers, and a five-star hotel, Grand Hyatt Beijing. These four components are part and parcel to the success of the property complex, reflecting the "World within a World" self-contained community concept.

In the past 15 years, Beijing Oriental Plaza has a track record of high occupancy rates and solid financial position. These achievements have laid a strong foundation, enabling Beijing Oriental Plaza to maintain growth momentum.

### Acquisition of Chongqing Metropolitan Plaza

On 2 March 2015, the acquisition of Chongqing Metropolitan Plaza was completed. Located in Jiefangbei's Central Business District, the 164,000-square metre mixed-use project has immediately contributed to Hui Xian REIT's revenue. It has been officially rebranded as "Chongqing Metropolitan Oriental Plaza", the second project under Hui Xian REIT's "Oriental Plaza" brand.

Following the acquisition, areas under Hui Xian REIT's management have now increased to over one million square metres across three cities in China, namely Beijing, Chongqing and Shenyang.

### RMB EXCHANGE RATE IN 2015

In 2015, RMB exchange rate saw significant fluctuation. The RMB exchange rate against Hong Kong Dollars dropped approximately 5.8%\* compared to a year ago.

All of Hui Xian REIT's existing projects are located in China, generating revenue in RMB. Hui Xian REIT's financial statements are presented in RMB and the distribution to Unitholders is also in RMB. RMB exchange rate volatility does not have a significant impact on the performance of Hui Xian REIT's projects. However, Hui Xian REIT's current borrowings are in Hong Kong Dollars. The RMB exposure may appear when the exchange gain or loss is realised upon loan repayment.

Investment sentiment, nonetheless, could be adversely affected by RMB's exchange fluctuation. According to Hong Kong Monetary Authority, the RMB deposits in Hong Kong as at the end of December 2015 shrank to approximately RMB851 billion, representing a drop of 15% compared to the amount as at the end of December 2014.

\* Based on the People's Bank of China RMB rate against Hong Kong Dollars on 31 December 2014 and 31 December 2015.

### BUSINESS ENVIRONMENT IN CHINA

China's economy in 2015 grew at its slowest pace since 1990. Its full-year gross domestic product ("GDP") increased 6.9% year-on-year, down from 7.3% in 2014, according to the National Bureau of Statistics of China. Industrial output grew 6.1% (versus an increase of 8.3% in 2014). Fixed-asset investment increased 10%, the weakest full-year growth since 2000.

The country's retail sales of consumer goods grew 10.7% year-on-year in 2015, slower than the 12% increase recorded in 2014. Online sales surged 33% year-on-year to RMB3.9 trillion.

At the macro level, China's luxury retail sector continued to face strong headwinds throughout 2015. The Central Government's anti-extravagance campaign continued. Meanwhile, popularity in online shopping and overseas shopping continued to grow.

Hit by slumping sales of luxury goods, some international brands consolidated their shop networks and closed down stores in some cities. Retailers have taken a more cautious approach towards store opening. This affected the occupancy rates and rental reversions of many shopping malls in China. Some landlords even turned retail premises into office leasing space.

On the other hand, the rising income of the thriving middle class has become a major driver for domestic consumption, creating new opportunities for affordable luxury and mass market brands.

## **BUSINESS REVIEW**

In spite of worldwide concerns about the Chinese economy, Hui Xian REIT's portfolio continued to deliver satisfactory results in 2015. Total revenue and NPI of Hui Xian REIT's portfolio during the Reporting Period increased 9.1% and 9.9% respectively compared to 2014.

### **(I) Existing Leasing and Hotel Portfolio**

The existing leasing portfolio includes Beijing Oriental Plaza's retail, office and serviced apartment businesses, and the hotel portfolio which includes Grand Hyatt Beijing and Sofitel Shenyang Lido.

#### **(A) Retail Portfolio**

Hui Xian REIT's retail portfolio consists of The Malls at Beijing Oriental Plaza, featuring over 250 brands. Situated in Wangfujing, the 130,000 square metre mall continues to be popular among both the retailers and shoppers due to its prime location, heavy foot traffic as well as a well-balanced tenant mix.

To further enhance the retail offering, The Malls commenced a large-scale asset enhancement programme in the second half of 2015 for two zones, totaling 6,000 square metres of retail space. During the renovation, the mall's effective lettable area was reduced and some business operations were temporarily interrupted.

During this period of renovation, the overall business of The Malls remained good with high occupancy and heavy visitor flow.

Notwithstanding the impact of renovation, and sluggish retail environment in China, The Malls' financial performance recorded a satisfactory year-on-year growth. The average monthly passing rent was RMB1,193, up by 9.0%. Revenue was RMB1,148 million, up by 2.8%. NPI was RMB933 million, up by 2.5%.

#### **(B) Office Portfolio**

The office portfolio, known as The Tower Offices at Beijing Oriental Plaza, comprises over 300,000 square metres of Grade A office space over eight blocks. They maintained high occupancy rates and positive rental reversion during the Reporting Period despite the current economic uncertainty.

The office portfolio's NPI was RMB821 million, an increase of 6.7% year-on-year. The average monthly passing rent was RMB270 per square metre, a year-on-year growth of 5.6%. The average monthly spot rent was RMB297 per square metre, up by 4.1% year-on-year. Rental reversion was 15.8%. The average occupancy rate was 96.0%.

#### **(C) Serviced Apartment Portfolio**

Consisting of two blocks, The Tower Apartments at Beijing Oriental Plaza houses over 600 fully-furnished units.

The NPI of serviced apartment portfolio was RMB67 million, a rise of 7.9% year-on-year. The average occupancy rate increased to 92.3% from 87.8% a year ago.

**(D) Hotel Portfolio**

While China's hospitality market remained soft and highly competitive, Hui Xian REIT's hotel portfolio showed signs of stabilization during the Reporting Period. The combined NPI for the two hotels (Sofitel Shenyang Lido and Grand Hyatt Beijing) increased 10.4% year-on-year to RMB122 million.

Sofitel Shenyang Lido's average occupancy rate was 39.1%, up from 35.9% in 2014, while the average room rate per night dropped 3.3% year-on-year to RMB516. The revenue per available room ("RevPAR") increased 5.2% year-on-year to RMB202.

Although Grand Hyatt Beijing's average occupancy rate improved to 58.8% from 55.9% a year earlier, the average room rate per night was down by 7.9% year-on-year to RMB1,461. As a result, the RevPAR decreased 3.2% year-on-year to RMB859.

In 2015, Grand Hyatt Beijing completed the room renovation programme. All the rooms and suites, as well as the Club Lounge, have been refurbished with a new look and upgraded facilities.

**(II) New Investment**

Upon the completion of acquisition on 2 March 2015, Chongqing Metropolitan Oriental Plaza provided approximately ten months of contribution during the Reporting Period. The NPI of Chongqing Metropolitan Oriental Plaza recorded from 2 March to 31 December 2015 was RMB93 million, the performance of which was in line with management's expectation.

The mall's average occupancy rate was 83.7% and the average monthly passing rent was RMB254 per square metre. It embarked on a three-year asset enhancement and tenant mix revamp programme, which will create a refreshing new look and bring long-term benefits to the mall.

From March to December 2015, the average monthly passing rent and monthly spot rent of Chongqing Metropolitan Oriental Plaza's office tower were RMB125 per square metre and RMB139 per square metre respectively. The average occupancy rate was 95.5%.

**STRONG FINANCIAL POSITION**

Hui Xian REIT has continued to adopt a prudent financial management strategy throughout the Reporting Period. As at 31 December 2015, bank balances and cash on hand amounted to RMB6,107 million and debts amounted to RMB9,435 million. Debts to gross asset value ratio stood at 20.2%. Hui Xian REIT has ample financial capacity to capture new investment opportunities.

**OUTLOOK**

Looking ahead, 2016's global economic climate is expected to be even more challenging, given a multitude of macro headwinds.

In a fiercely competitive environment, we are continuously improving the quality and competitiveness of our portfolio through active asset management. Asset enhancement initiatives and tenant mix upgrade programme will continue at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza to optimise them for future growth.

## CHAIRMAN'S STATEMENT

We will continue to actively seek suitable acquisition opportunities which could expand our portfolio and bring long-term benefits for the Unitholders.

China's economy has entered a new stage of slower but more resilient growth. The country's economic fundamentals remain solid and it continues to transit to a consumption driven economy. We remain confident that Hui Xian REIT, with its quality assets in prime locations, is well positioned to meet this challenging market environment.

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

**H L KAM**

*Chairman*

**Hui Xian Asset Management Limited**

*(as manager of Hui Xian Real Estate Investment Trust)*

Hong Kong, 15 March 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

## PORTFOLIO HIGHLIGHTS

Hui Xian REIT's portfolio spans across retail, office, serviced apartment and hotel businesses, including:

- (1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("Hui Xian Investment"), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited<sup>#</sup>) ("BOP"), which is a sino-foreign cooperative joint venture established in the People's Republic of China ("PRC"). BOP holds the land use rights and building ownership rights of **Beijing Oriental Plaza**,
- (2) its investment in Chongqing Overseas Investment Limited, which holds Chongqing Investment Limited. Chongqing Investment Limited owns the entire interest in the Chongqing Metropolitan Oriental Plaza Co., Ltd<sup>#</sup> (重慶大都會東方廣場有限公司), which is the registered legal owner of the land use rights and building ownership rights of **Chongqing Metropolitan Oriental Plaza** (formerly known as Metropolitan Plaza), and
- (3) its investment in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turns holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd<sup>#</sup>) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in **Sofitel Shenyang Lido**.

Hui Xian REIT's portfolio:

Property	City	Sector	Gross Floor Area (sq m)
<b>(1) Beijing Oriental Plaza</b>	Beijing		
<i>The Malls</i>		Retail	130,195
<i>The Tower Offices</i>		Office	309,552
<i>The Tower Apartments</i>		Serviced Apartment	81,603
<i>Grand Hyatt Beijing</i>		Hotel	125,420
<i>Car parking spaces &amp; other ancillary facilities</i>		Carpark (1,901 car parking spaces)	140,289
<b>(2) Chongqing Metropolitan Oriental Plaza</b>	Chongqing		
<i>Mall and car parking spaces</i>		Retail (including 353 car parking spaces)	109,743
<i>Office</i>		Office	54,617
<b>(3) Sofitel Shenyang Lido</b>	Shenyang	Hotel	78,746
<b>Total</b>			<b>1,030,165</b>

<sup>#</sup> The English name is shown for identification purpose only.



东方新天地第五街  
5TH STREET

北京银行  
BANK OF BEIJING

24小时自助银行服务

# RETAIL PORTFOLIO

## The Malls at Beijing Oriental Plaza

The Malls, a three-level shopping centre with a gross floor area of over 130,000 square metres, is home to over 280 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.





In the past 15 years, Beijing Oriental Plaza has a track record of high occupancy rates and solid financial position. These achievements have laid a strong foundation, enabling Beijing Oriental Plaza to maintain growth momentum.

## OPERATIONS REVIEW

### (I) Existing Leasing and Hotel Portfolio

The existing leasing portfolio includes retail, office and serviced apartment businesses of Beijing Oriental Plaza, and the hotel portfolio consists of Grand Hyatt Beijing and Sofitel Shenyang Lido.

Our flagship asset, Beijing Oriental Plaza celebrated its 15th anniversary in 2015 with a series of promotions and activities, including a gala dinner in October attended by over 400 distinguished guests and tenants.

### (A) Retail Portfolio

According to Beijing Municipal Bureau of Statistics, Beijing's GDP growth rate in 2015 decelerated to 6.9%. Retail sales of consumer goods increased 7.3% in 2015, down from 8.6% in 2014. Despite slower growth, Beijing's retail sales amount have surpassed RMB1 trillion in 2015, making it China's biggest shopping city in 2015 for eight straight years. Online sales recorded a year-on-year increase of 40.2% to RMB201.7 billion. Disposable income per capita of Beijing's urban residents was up 8.9% year-on-year to RMB52,859.

Hui Xian REIT's existing retail portfolio comprises The Malls at Beijing Oriental Plaza, a 3-level mall offering over 130,000-square metres of retail space. The Malls offers a vast array of goods and services, including fast and high fashion, fast food chains, casual and fine dining restaurants, watches and jewellery shops, showrooms, banks, personal care stores and a cinema.

To further enhance the retail offering, The Malls commenced a large-scale asset enhancement programme in the second half of 2015 for two zones, totaling 6,000 square metres of retail space. During the renovation, the mall's effective lettable area was reduced and some business operations were temporarily interrupted.

During this period of renovation, the overall business of The Malls remained good with high occupancy and heavy visitor flow.

Despite the impact of renovation, and weak retail environment, The Malls' financial performance recorded a satisfactory year-on-year growth. The

average monthly passing rent was RMB1,193, up by 9.0%. Revenue was RMB1,148 million, an increase of 2.8%. NPI was RMB933 million, up by 2.5%. Rental reversion was 8.4%. The average occupancy rate remained high at 94.9% despite the ongoing asset enhancement initiatives.

The asset enhancement programme is expected to be completed by the first half of 2016. As at the date of this report, the committed occupancy rate<sup>^</sup> is over 99%.

During 2015, The Malls' tenant mix was enriched with new brands, such as FILA, INNIU, Jaquet Droz, La Fée Maraboutée, Marc O'Polo, RIMOWA and TOMS. A number of tenants upgraded their shops and some further expanded their existing stores; these included adidas, COACH, DKNY, DVF, La Perla, MaxMara, Montblanc and Shanghai Tang.

Gross Revenue	RMB1,148 million, +2.8%YoY
Net Property Income	RMB933 million, +2.5%YoY
Average Occupancy Rate	94.9%
Average Monthly Passing Rent	RMB1,193 per square metre, +9.0%YoY
Average Monthly Spot Rent	RMB1,024 per square metre, -27.9%YoY

<sup>^</sup> Committed occupancy rate includes leases signed but not yet commenced





E1

# OFFICE PORTFOLIO

## The Tower Offices at Beijing Oriental Plaza

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



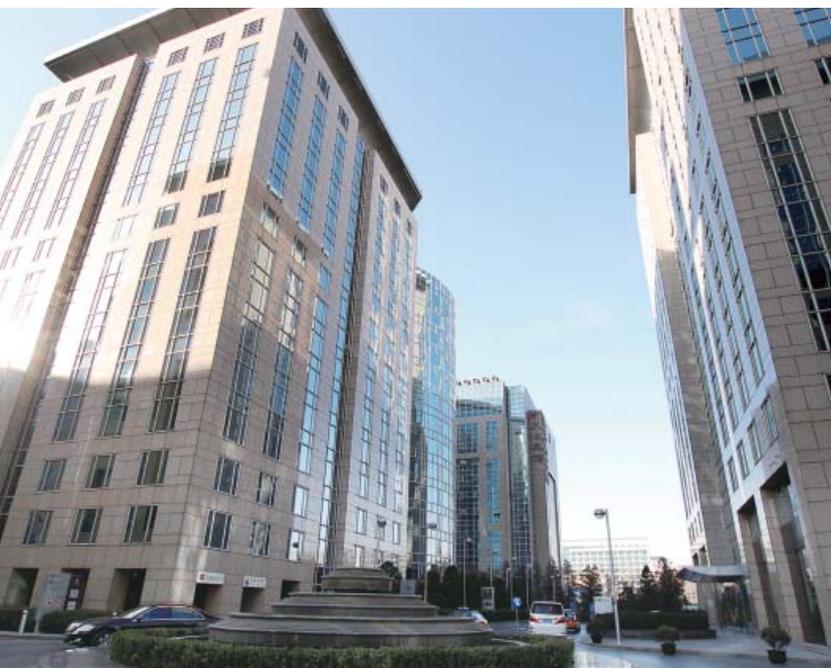
**(B) Office Portfolio**

Overall office rental growth in Beijing continued to be constrained, largely due to slowing demand as a result of general economic uncertainty. The overall supply in the city remained limited.

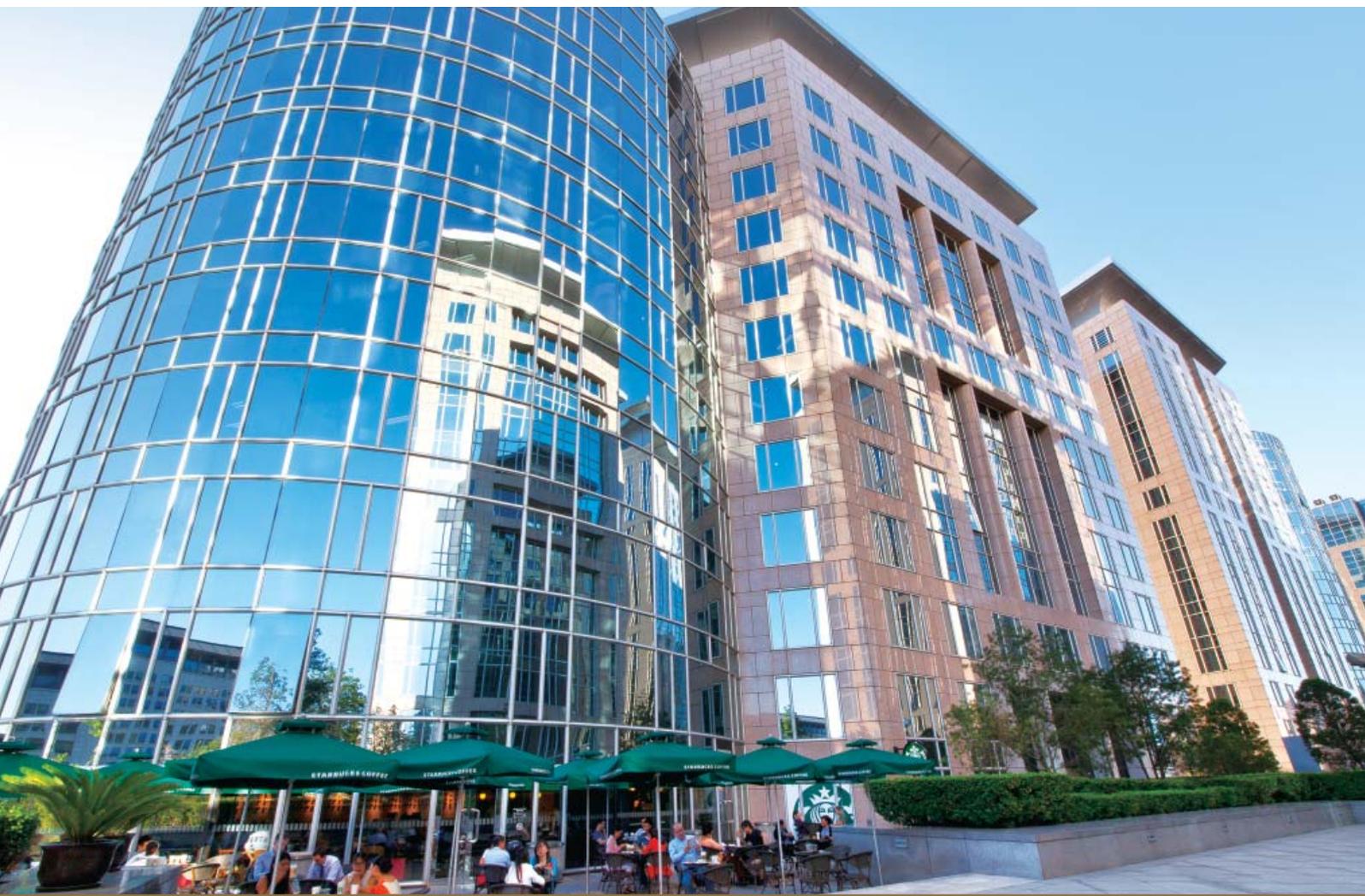
The existing office portfolio consists of The Tower Offices at Beijing Oriental Plaza, which provides over 300,000 square metres of Grade A office space in eight blocks. The Tower Offices' tenant

base is very broad, comprising corporations from finance and banking, accounting, high technology, law, media and advertising, consumer products, education sectors, as well as government-related organisations.

During the Reporting Period, leasing demand for The Tower Offices remained firm and continued to record rental increases. Retention rate remained strong with renewal from several anchor tenants



**During the Reporting Period, leasing demand for The Tower Offices remained firm and continued to record rental increases. Retention rate remained strong with renewal from several anchor tenants taking place in 2015.**



taking place in 2015. This included the lease renewal for KPMG, which acquired the naming rights for one of the office towers and renamed it as KPMG Tower in October 2015.

The NPI was RMB821 million, representing an increase of 6.7% year-on-year. The average

occupancy rate was 96.0%. The average monthly passing rent was RMB270 per square metre, an increase of 5.6% year-on-year. The average monthly spot rent was RMB297 per square metre, up by 4.1% over the same period last year. Rental reversion was 15.8%.

Gross Revenue	RMB1,076 million, +4.9%YoY
Net Property Income	RMB821 million, +6.7%YoY
Average Occupancy Rate	96.0%
Average Monthly Passing Rent	RMB270 per square metre, +5.6%YoY
Average Monthly Spot Rent	RMB297 per square metre, +4.1%YoY



# SERVICED APARTMENT PORTFOLIO

## The Tower Apartments at Beijing Oriental Plaza

Comprising two blocks, The Tower Apartments features over 600 apartments of varying sizes, all fully furnished and elegantly appointed to offer luxury living in the city.

Tenants can enjoy a wide array of amenities, such as housekeeping and concierge services, and access to nearby Grand Hyatt Beijing's Club Oasis, which boasts an indoor swimming pool and gym.



**(C) Serviced Apartment Portfolio**

During the Reporting Period, Beijing's high-end serviced apartment leasing market remained stable. Tightened expatriate housing budgets and ongoing air quality concern continued to put downward pressure on rentals and occupancy rates.

The existing serviced apartment portfolio includes The Tower Apartments at Beijing Oriental Plaza, which houses over 600 fully-furnished units in two blocks.

The NPI was up 7.9% year-on-year to RMB67 million. The average occupancy rate in 2015 surged to 92.3% from 87.8% a year earlier.



**The Tower Apartments received “2015 Luxury Homes Of China – Best Service” by *City Weekend Magazine* and “2015 Best of Beijing Awards – Best Service Apartment Facilities” by *That’s Beijing*.**



Gross Revenue	RMB136 million, +3.2%YoY
Net Property Income	RMB67 million, +7.9%YoY
Average Occupancy Rate	92.3%



北京東方悦悦大酒店

C2

C1

THE HALLS AND SEVEN ALLEYWAY

THE HALLS AND SEVEN ALLEYWAY

Ermenegildo Zegna

# HOTEL PORTFOLIO

## Grand Hyatt Beijing at Beijing Oriental Plaza, Beijing Sofitel Shenyang Lido, Shenyang

As an integral part of Beijing Oriental Plaza complex, the award-winning **Grand Hyatt Beijing** has 825 rooms and suites, all beautifully appointed to offer discerning travellers the ultimate in luxury hotel accommodation.

Located in the business hub of Shenyang and just a 20-minute drive away from Taoxian International Airport, **Sofitel Shenyang Lido** is a popular choice for both business and leisure travellers.



**(D) Hotel Portfolio**

China's hotel market continued to be challenging throughout 2015. The slowing economy, the Central Government's ongoing policy of anti-extravagance, and intense competition among hotels caused impact to the industry. Both occupancy and room rates were under pressure.

Hui Xian REIT's existing hotel portfolio encompasses two five-star hotels: (i) Grand Hyatt Beijing at Beijing Oriental Plaza; and (ii) Sofitel Shenyang Lido. The NPI of the two hotels combined increased 10.4% year-on-year to RMB122 million.

*Grand Hyatt Beijing, Beijing*

During 2015, Beijing's tourist arrivals fell by 1.8% year-on-year to 4.2 million according to Beijing Municipal Bureau of Statistics.

Grand Hyatt Beijing's average occupancy rate was 58.8%, up from 55.9% a year ago. The average room rate per night was RMB1,461, a year-on-year decrease of 7.9%. RevPAR was RMB859, down by 3.2% year-on-year.

The number of conferences and corporate events held at Grand Hyatt Beijing in 2015 has slightly increased in terms of room nights. However, corporations were very price-sensitive and competition among hotels continued to be keen. As a result, the revenue was down compared to 2014.



**Grand Hyatt Beijing's three-year asset enhancement programme for the rooms was completed in the first half of 2015. The renovated rooms, with new design and upgraded amenities, have been well-received by the hotel guests.**

The three-year asset enhancement programme for the rooms was completed in the first half of 2015. The renovated rooms, with new design and upgraded amenities, have been well-received by the hotel guests.

*Sofitel Shenyang Lido, Shenyang*

Shenyang's GDP growth in 2015 was decreased to 3.5% year-on-year. There was no marked improvement in the city's hotel operating environment.

During the Reporting Period, Sofitel Shenyang Lido implemented proactive and flexible pricing strategies. Wedding and medium-sized events hosted in the hotel recorded an increase during 2015 though the average cover charge was lower than before. The average occupancy rate in 2015 increased to 39.1% from 35.9% a year ago despite intense competition from the large supply of new high-end hotels opened in the past two years. However, the average room rate per night decreased 3.3% year-on-year to RMB516. RevPAR was up by 5.2% year-on-year to RMB202.

Gross Revenue	RMB501 million, -3.8%YoY
Net Property Income	RMB122 million, +10.4%YoY
<i>Grand Hyatt Beijing</i>	
Average Occupancy Rate	58.8%
Average room rate per night	RMB1,461, -7.9%YoY
RevPAR	RMB859, -3.2%YoY
<i>Sofitel Shenyang Lido</i>	
Average Occupancy Rate	39.1%
Average room rate per night	RMB516, -3.3%YoY
RevPAR	RMB202, +5.2%YoY



# CHONGQING METROPOLITAN ORIENTAL PLAZA

Chongqing Metropolitan Oriental Plaza is an iconic mixed-use complex strategically located in Chongqing's Jiefangbei Central Business District.

It comprises an approximately 90,000-square metre shopping mall, over 54,000 square metre of Grade A office space and a 353-space car park.



**(II) New Investment — Chongqing Metropolitan Oriental Plaza**

Chongqing Metropolitan Plaza, consisting of a shopping mall and a Grade A office tower, has been added to Hui Xian REIT's portfolio on 2 March 2015. The project was renamed "Chongqing Metropolitan Oriental Plaza" subsequent to the handover. The project's NPI was RMB93 million during the period 2 March to 31 December 2015.

The shopping mall of Chongqing Metropolitan Oriental Plaza is one of the most established and popular shopping destinations in Chongqing. It features a wide selection of retail, dining and entertainment options. As it is important to maintain the mall's competitiveness in a keenly competitive retail environment, a three-year asset enhancement and tenant mix revamp programme has commenced to improve its retail offerings and physical environment. Such initiatives are expected to bring long-term benefits to the mall. During the period 2 March 2015 and 31 December 2015, the average occupancy rate was 83.7% and the average monthly passing rent was RMB254 per square metre.

Chongqing Metropolitan Oriental Plaza's office tower is one of the few Grade A office buildings in Chongqing that has single asset title ownership. We believe that single asset title ownership is a key competitive advantage as it allows for efficient and high quality building management and maintenance.

The office tower is home to five consulates: British Consulate-General, Canadian Consulate General, Royal Danish Consulate General, Consulate-General of Japan and Philippine Consulate-General. It also houses a number of multinational corporations of different industries such as insurance and financial services, electronics, and healthcare. Amongst the tenants are PricewaterhouseCoopers, KPMG, Siemens, Deutsche Bank, HSBC, Dragonair, 3M, Johnson & Johnson Medical Companies, IBM, Oracle and Microsoft. During the period 2 March 2015 and 31 December 2015, the average occupancy rate stood at 95.5%. The average monthly passing rent and the average monthly spot rent were RMB125 per square metre and RMB139 per square metre respectively.

From 2 March to 31 December 2015

Gross Revenue	RMB189 million
Net Property Income	RMB93 million
<i>Mall</i>	
Average Occupancy Rate	83.7%
Average Monthly Passing Rent	RMB254 per square metre
<i>Office</i>	
Average Occupancy Rate	95.5%
Average Monthly Passing Rent	RMB125 per square metre
Average Monthly Spot Rent	RMB139 per square metre

## FINANCIAL REVIEW

### Net Property Income

The net property income was RMB2,036 million for the year ended 31 December 2015.

### Distributions

#### *Distribution Amount*

Hui Xian REIT will distribute a total of RMB719 million (“2015 Final Distribution”) to Unitholders for the period from 1 July 2015 to 31 December 2015. The 2015 Final Distribution represents 98% of Hui Xian REIT’s total amount available for distribution during the period from 1 July 2015 to 31 December 2015 and will be paid in RMB. A total of RMB730 million (“2015 Interim Distribution”) has been distributed to Unitholders of Hui Xian REIT on 24 September 2015 for the period from 1 January 2015 to 30 June 2015. In total, Hui Xian REIT will distribute a total of RMB1,449 million to Unitholders for the year ended 31 December 2015. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB824 million (2014: RMB279 million).

#### *Distribution per Unit*

The final DPU for the period from 1 July 2015 to 31 December 2015 is RMB0.1337 based on the number of outstanding Units on 31 December 2015. Together with the interim DPU of RMB0.1363, Hui Xian REIT provides a total DPU for the year ended 31 December 2015 of RMB0.2700. This represents a distribution yield of 8.11% based on the closing unit price of RMB3.33 on 31 December 2015.

### Closure of Register of Unitholders

The record date for the 2015 Final Distribution will be 6 April 2016, Wednesday (“Record Date”). The Register of Unitholders will be closed from 1 April 2016, Friday to 6 April 2016, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 23 May 2016, Monday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

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

In order to qualify for the 2015 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 31 March 2016, Thursday.

### Debt Positions

In January 2015, Hui Xian Investment Limited (“Hui Xian Investment”) drew down an unsecured 3-year term loan of HK\$1,200 million offered by Bank of China (Hong Kong) Limited, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to refinance the credit facility granted by the same lenders in December 2011.

In March 2015, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$5,000 million offered by Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to finance the general corporate funding needs of the Hui Xian REIT group.

In May 2015, Hui Xian Investment accepted and agreed a revolving credit facility of RMB1,300 million offered by Hui Xian Holdings Limited (“Hui Xian Holdings”). The facility is on substantially the same terms and conditions as a revolving credit facility with Hui Xian Holdings which expired in October 2014. As at 31 December 2015, the outstanding loan drew down by Hui Xian Investment under the revolving credit facility was fully repaid.

In June 2015, Hui Xian Investment drew down a new unsecured 5-year term loan of HK\$600 million offered by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch. The purpose of the facility was to finance the general working capital requirement of the Hui Xian REIT group.

In August 2015, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$1,000 million offered by Bank of China (Hong Kong) Limited. The purpose of the facility was to finance the general corporate funding needs of the Hui Xian REIT group.

In October 2015, Hui Xian Investment drew down a new unsecured 5-year term loan of HK\$850 million offered by China Construction Bank (Asia) Corporation Limited. The purpose of the facility was to finance the general corporate funding needs of the Hui Xian REIT group.

In December 2015, Hui Xian partially prepaid HK\$1,000 million of an unsecured 3-year term loan which was drawn down in November 2013. The facility was offered by Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Sumitomo Mitsui Banking Corporation, United Overseas Bank Limited and Chong Hing Bank Limited. As at 31 December 2015, the outstanding amount of the facility was HK\$525 million.

In December 2015, Hui Xian Investment extended the maturity date of an unsecured term loan of HK\$200 million offered by Bank of East Asia Limited for two years. The purpose of the facility was to finance the general working capital requirement of the Hui Xian REIT group.

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

As at 31 December 2015, Hui Xian REIT's total debts amounted to RMB9,435 million (31 December 2014: RMB3,867 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB27,557 million as at 31 December 2015 (31 December 2014: RMB28,564 million), Hui Xian REIT's debts to net asset value ratio increased to 34.2% (31 December 2014: 13.5%). Meanwhile, the debts to gross asset value ratio was 20.2% as at 31 December 2015 (31 December 2014: 9.2%).

### **Bank Balances and Asset Positions**

As at 31 December 2015, Hui Xian REIT's bank balances and cash amounted to RMB6,107 million (31 December 2014: RMB4,795 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 130,195 square metre shopping mall, eight blocks of Grade A office, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

Knight Frank Petty Limited ("Knight Frank") valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB29,960 million as at 31 December 2015 (31 December 2014: RMB30,760 million), translating into a decrease of 2.6% over the valuation as of 31 December 2014. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB35,383 million as at 31 December 2015, as compared to RMB36,366 million as at 31 December 2014.

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

Knight Frank valued the hotel premises of Shenyang Lido at RMB910 million as at 31 December 2015 (31 December 2014: RMB930 million) while gross property value as at 31 December 2015 was RMB832 million (31 December 2014: RMB903 million).

On 2 March 2015, Hui Xian REIT completed its acquisition of all issued shares of Chongqing Investment Limited (formerly known as Chesgold Limited), which in turn indirectly owns the entire interest of Chongqing Metropolitan Oriental Plaza, a 164,360 square metre integrated commercial property development comprising a shopping mall and a Grade A office building. Chongqing Metropolitan Oriental Plaza is located at Jiefangbei, Yuzhong District, Chongqing, a well-established central business district.

As at 31 December 2015, the shopping mall and office building are valued by Knight Frank at RMB4,100 million. Gross property value of the properties was RMB4,100 million.

### **Net Assets Attributable to Unitholders**

As at 31 December 2015, net assets attributable to Unitholders amounted to RMB27,557 million (31 December 2014: RMB28,564 million) or RMB5.1231 per Unit, representing a 53.8% premium to the closing unit price of RMB3.33 on 31 December 2015 (31 December 2014: RMB5.3919 per Unit, representing a 54.9% premium to the closing unit price of RMB3.48 on 31 December 2014).

### **Pledge of Assets**

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

### **Commitments**

As at 31 December 2015, except for capital commitment in respect of the asset enhancement programme for Chongqing Metropolitan Oriental Plaza, Hui Xian REIT did not have any significant commitments.

### **Employees**

As at 31 December 2015, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 771 employees in the PRC, of which 749 employees performed hotel operation functions and services, and 22 employees handled legal, regulatory and other administrative matters and carried out and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 31 December 2015.

**TOP 5 CONTRACTORS**

Contractors	Nature of services	Value of contract (RMB'000)	Percentage
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Operations management	46,921	10.3%
上海嘉榮建設工程有限公司	Renovation and maintenance	24,232	5.3%
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Property management	17,940	4.0%
Hyatt of China Limited	Management services	14,428	3.2%
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Property management	13,130	2.9%
		116,651	25.7%

**TOP 5 REAL ESTATE AGENTS**

Real estate agents	Nature of services	Commission paid (RMB'000)	Percentage
北京亞中聯合房地產經紀有限公司	Leasing	959	3.8%
北京仲量聯行物業管理服務有限公司	Leasing	544	2.2%
北京天業聯行房地產經紀有限公司	Leasing	543	2.2%
北京麥爾斯房地產經紀有限公司	Leasing	450	1.8%
北京東本房地產經紀有限公司	Leasing	307	1.2%
		2,803	11.2%

\* The English name is shown for identification purpose only.

## **CORPORATE SOCIAL RESPONSIBILITY**

### **Environmental policies and performance**

Hui Xian REIT is committed to long-term sustainable development, protecting the environment and minimizing the environmental impact brought along by our business operations. The Manager is established for the purpose of managing Hui Xian REIT and it is committed to comply with applicable environmental legislative and regulatory requirements and has developed an environmental policy that serves as a guidance to achieve higher environmental standards. The Manager further extends its responsibility in recycling and in facilitating our tenants and contractor's commitment in Environmental, Health and Safety. As a step further for continuous improvement, Hui Xian REIT has plans in place to establish an overarching environmental management system to measure carbon footprint and energy usage in our three sites.

### **Relationships with key stakeholders**

Hui Xian REIT's success also relies on the support from important stakeholders such as tenants, employees and the community. The Manager is committed to establish stronger relationships with our stakeholders and to jointly work towards the common goal for sustainable development.

### **Tenants**

To demonstrate the Manager's commitment to provide quality services for our tenants, we actively engage tenants via interviews and satisfaction surveys. We also have multiple communication channels for tenants to raise concerns and feedback.

### **Employees**

Employees are our most important asset and we strive to provide our employees with a fair and positive working environment. We offer a competitive remuneration package and have a periodic review with all employees to discuss opportunities for career advancement. In terms of providing our employees with a safe workplace, national occupational health and safety regulatory requirements are considered a minimum requirement and the Manager further seeks to reduce occupational injury through regular trainings to minimize exposure to such risks.

### **Community**

We pay close attention to the need of our community, we contribute to the community through organizing and participating in different charity activities. Our employees also carry out volunteering activities regularly through the Worker's Union. An example of volunteering activities carried out includes employee's donation of personal belongings through charity bazaars.

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 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 the activities of the board of directors of the Manager.

Throughout the year ended 31 December 2015, 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 (executive director of the Manager), Ms. LAI Wai Yin, Agnes (chief financial officer of the Manager), Mr. CHING Sung, Eric (deputy chief investment officer of the Manager) and Ms. TANG Hiu Tung, Daisy (senior corporate finance and corporate development manager of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

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

### **ROLES OF THE TRUSTEE AND THE MANAGER**

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

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

The Trust Deed was amended pursuant to special resolutions passed at three general meetings of Unitholders held on 7 May 2013, 5 May 2014 and 11 May 2015. Please refer to the announcements dated 12 April 2013, 31 March 2014 and 1 April 2015, and the circulars dated 12 April 2013, 31 March 2014 and 1 April 2015 published by the Manager for details of the amendments.

## **BOARD OF DIRECTORS OF THE MANAGER**

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

The Directors in the year ended 31 December 2015 were Mr. KAM Hing Lam (chairman and non-executive director); Mr CHEUNG Ling Fung, Tom and Mr. LEE Chi Kin, Casey (executive directors); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (with Mr. PANG Shuen Wai, Nichols as Mr. YIN's alternate for the period from 1 January 2015 to 30 October 2015) (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).

## **BOARD COMPOSITION**

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

Apart from Mr. PANG's resignation as alternate director to Mr. YIN on 30 October 2015, there were no changes to the composition of the Board or any of its committees during the year ended 31 December 2015.

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

- (1) the chairman of the Board should be a non-executive director;
- (2) the Board should comprise directors with a broad range of commercial experience including expertise in fund management and the property industry; and
- (3) at least one-third of the Board should comprise INEDs (which, based on the current composition of the Board, will require the Manager to have at least three INEDs).

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

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

Four Board meetings of the Manager were held in 2015. The attendance of each Director at these Board meetings was as follows:

Members of the Board	Attendance
<b>Chairman and Non-executive Director</b>	
Mr. KAM Hing Lam	4/4
<b>Executive Directors</b>	
Mr. CHEUNG Ling Fung, Tom ( <i>chief executive officer</i> )	4/4
Mr. LEE Chi Kin, Casey	4/4
<b>Non-executive Directors</b>	
Mr. IP Tak Chuen, Edmond	4/4
Mr. LIM Hwee Chiang	4/4
Mr. YIN Ke	3/4
<b>Independent Non-executive Directors</b>	
Mr. CHENG Hoi Chuen, Vincent	4/4
Professor LEE Chack Fan	4/4
Dr. CHOI Koon Shum, Jonathan	1/4
<b>Alternate Director to Mr. YIN Ke</b>	
Mr. PANG Shuen Wai, Nichols (for the period from 1 January 2015 to 30 October 2015)	1/4*

\* Mr. YIN attended three of the four meetings and the other one meeting was attended by his alternate, Mr. PANG.

## APPOINTMENTS AND REMOVALS OF DIRECTORS

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

## INTERNAL CONTROLS

The Board, through the Audit Committee, conducts reviews on the effectiveness of the internal control system of Hui Xian REIT, which covers all material controls, 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 and internal controls.

The 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 2015. Accomplishments of the audit plan and major findings of the audit reviews were reported to the Audit Committee on a half-yearly basis. Adequate controls were found to be in place and no major irregularities were noted. Recommendations to further improve on the internal control framework were all implemented.

## **BOARD COMMITTEES**

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

The three board committees are:

## **AUDIT COMMITTEE**

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

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

The Audit Committee's responsibilities also include:

- (1) reviewing dealings of the Manager and the Directors on a half-yearly basis;
- (2) making recommendations for Director's appointment and reappointment to, and, where appropriate, proposing Directors for removal from, the full Board;
- (3) reviewing all financial statements and all external audit reports and developing and implementing a policy on the engagement of external auditors to supply 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 2015 to (among others) consider and review the annual results for the year ended 31 December 2014, the interim results for the six months ended 30 June 2015, connected party transactions and reports from the external and internal auditors. Attendance at these two meetings of the Audit Committee was as follows:

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

## DISCLOSURES COMMITTEE

The Disclosures Committee comprises the chief executive officer and two non-executive directors of the Manager, one of whom is an INED. Its role is to review matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the Manager, who bears the responsibility in ensuring that such disclosure is accurate, complete and not misleading. As at the date of this report, the members of the Disclosures Committee are Mr. CHEUNG Ling Fung, Tom, Mr. IP Tak Chuen, Edmond and Professor LEE Chack Fan. Mr. CHEUNG Ling Fung, Tom is 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 2015 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 ( <i>chairman of the committee</i> )	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. As at the date of this report, the members of the Designated (Finance) Committee are Mr. YIN Ke, Mr. CHEUNG Ling Fung, Tom and Dr. CHOI Koon Shum, Jonathan. Mr. YIN Ke is 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 2015.

## 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

The Manager is ultimately owned by Cheung Kong Property Holdings Limited ("CKPH"), ARA Asset Management Limited ("ARA") and CITIC Securities International Company Limited ("CITIC Securities") as to 30%, 30% and 40% respectively. To the best of the Manager's knowledge, CKPH had an indirect interest of approximately 7.84% in the shares of ARA as at 31 December 2015 and indirectly held units in both Fortune Real Estate Investment Trust ("Fortune REIT") and Prosperity Real Estate Investment Trust ("Prosperity REIT") which are managed by wholly-owned subsidiaries of ARA.

As the Manager understands:

- (a) the principal activities of CKPH, its subsidiaries and associated companies (“CKPH Group”) encompass property development and investment, hotel and serviced suite operation and property and project management;
- (b) ARA, its subsidiaries and associated companies (“ARA Group”) are engaged in the management of publicly listed real estate investment trusts (“REITs”) (which includes Prosperity REIT and Fortune REIT) and private real estate funds; and
- (c) the principal activities of CITIC Securities International, its holding company and their respective subsidiaries (“CITIC Securities Group”) include securities trading, underwriting and sponsoring, proprietary trading, asset management and investment banking advisory services.

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

The Manager may also experience conflicts of interests as a result of other roles of its Board members. Mr. KAM Hing Lam, Mr. IP Tak Chuen, Edmond and some of the senior executives of the Manager are also directors and/or senior executives of the CKPH Group and/or its affiliated companies. Mr. IP Tak Chuen, Edmond is also a non-executive director of ARA. Mr. LIM Hwee Chiang is a substantial shareholder and director of ARA and a non-executive director of the respective managers of Prosperity REIT and Fortune REIT. Mr. YIN Ke is a director and senior executive of certain members of the CITIC Securities Group. As such, each of Mr. KAM, Mr. IP, Mr. LIM and Mr. YIN 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 CKPH Group, ARA Group, CITIC Securities Group, Fortune REIT, Prosperity REIT and other REITs and private real estate funds managed by the ARA Group 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 2015 with attendance as follows:

Members of the Board	Attendance
<b>Chairman and Non-executive Director</b>	
Mr. KAM Hing Lam	1/1
<b>Executive Directors</b>	
Mr. CHEUNG Ling Fung, Tom ( <i>chief executive officer</i> )	1/1
Mr. LEE Chi Kin, Casey	0/1
<b>Non-executive Directors</b>	
Mr. IP Tak Chuen, Edmond	1/1
Mr. LIM Hwee Chiang	0/1
Mr. YIN Ke	0/1
<b>Independent Non-executive Directors</b>	
Mr. CHENG Hoi Chuen, Vincent	1/1
Professor LEE Chack Fan	1/1
Dr. CHOI Koon Shum, Jonathan	1/1
<b>Alternate Director to Mr. YIN Ke</b>	
Mr. PANG Shuen Wai, Nichols (for the period from 1 January 2015 to 30 October 2015)	1/1*

\* Mr. YIN appointed Mr. PANG as his alternate to attend that meeting.

Hui Xian REIT also maintains a website at [www.huixianreit.com](http://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, annual reports and interim reports for Hui Xian REIT are published and sent to Unitholders within four months from the end of the financial year and within two months from end of the half-yearly period.

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

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

## **DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

The consolidated financial statements of Hui Xian REIT for the year ended 31 December 2015 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 at page 105 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, officers and employees of the Manager, subsidiaries of the Manager or the special purpose vehicles of Hui Xian REIT who, because of his/her office or employment in the Manager, the relevant subsidiaries of the Manager or the relevant special purpose vehicles of Hui Xian REIT, is likely to be in possession of unpublished inside information in relation to the securities of Hui Xian REIT (collectively the "Management Persons"). These rules are set out in the Code Governing Dealings in Units by Directors or the REIT Manager (the "Units Dealing Code") contained in the compliance manual. It sets out the required standard against which Management Persons must measure their conduct regarding transactions in securities of Hui Xian REIT and are on terms no less exacting than those of the Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules.

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

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

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

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

Specific enquiry having been made with each of the Management Persons, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code during the year ended 31 December 2015.

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

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

## **MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION**

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

Any decisions to be made by resolution of Unitholders other than the above shall be made by ordinary resolution unless a special resolution is required by the REIT Code. Such matters requiring approval by way of ordinary resolution include, without limitation, (a) subdivision or consolidation of the Units; (b) any issue of the Units after the listing date which would increase the market capitalisation of Hui Xian REIT by more than 50%; (c) any issue of the Units during any financial year that would increase the total number of Units from the number of Units that were outstanding at the end of the previous financial year by more than 20% (or such other percentage of the outstanding Units as may, from time to time, be prescribed by the SFC); (d) an issue of new Units to a connected person (other than as part of an offer made to all Unitholders on a pro rata basis) except pursuant to an initial public offering, an issue of Units in lieu of the payment of fees to the Manager pursuant to the Trust Deed, an issue of Units in respect of reinvestment of distribution to Unitholders, or a rights issue; and (e) the election by the Manager for the acquisition fee or the divestment fee, which is to be paid to the Manager in the form of cash, Units or 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 page 56 of this annual report. Save from the resignation of Mr. PANG Shuen Wai, Nichols as an alternate Director to Mr. YIN Ke on 30 October 2015 and as disclosed therein, there was no change in the information of the Directors since the last published interim report.

### **COMPLIANCE WITH THE COMPLIANCE MANUAL**

During the year ended 31 December 2015, 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 2015 has been reviewed by the Audit Committee and the Disclosures Committee.

### **NEW UNITS ISSUED**

In the year ended 31 December 2015, (i) 11,268,011 new Units were issued to the Manager as payment of acquisition fee for acquisition of Chongqing Metropolitan Oriental Plaza (ii) an aggregate of 35,618,331 new Units were issued to the Manager as payment of part of the Manager's fees; and (iii) an aggregate of 34,496,001 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 2014 to 31 December 2014 and the interim distribution for the period from 1 January 2015 to 30 June 2015.

### **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 2015.

### **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 2015.

## CONNECTED PARTY TRANSACTIONS

### WAIVERS FROM STRICT COMPLIANCE WITH CERTAIN REQUIREMENTS UNDER THE REIT CODE

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 and from time to time thereafter, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions involving Hui Xian REIT (the "Waivers") were granted by the SFC. Some of the Waivers were subsequently modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted were disclosed in the 2011 Interim Report of Hui Xian REIT and the announcements dated 10 November 2011, 22 May 2012, 7 May 2013, 5 May 2014, 28 November 2014, 15 May 2015 and 3 June 2015 published by the Manager for Hui Xian REIT.

Throughout the year ended 31 December 2015, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers.

### CONNECTED PARTY TRANSACTIONS

Set out below is a summary of the information in respect of the connected party transactions entered into in the year ended 31 December 2015, other than those transactions that are exempted from disclosure and/or excluded pursuant to the waives granted by the SFC.

### CONNECTED PARTY TRANSACTIONS – INCOME

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income in the year ended 31 December 2015:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2015 RMB'000
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	4,026
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	1,909
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	702
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	15,611
Cheung Kong (Holdings) Limited Beijing Office	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	85
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	85

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2015 RMB'000
和記黃埔地產（重慶兩江新區）有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	456
和記黃埔地產（重慶南岸）有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	2,134
和記黃埔地產（重慶經開園）有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	254
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	497
家利物業管理（深圳）有限公司 重慶分公司 (Cayley Property Management (Shenzhen) Limited Chongqing Branch*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	1,874
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	1,288
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	588
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	1,646
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	1,784
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	58
和巽房地產經紀（北京）有限公司 (Pacific Property (Beijing) Limited*)	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	196
李嘉誠基金會（香港）北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	Associate of a director of a significant holder <sup>2</sup>	Leasing and licensing transaction	2,311
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Leasing and licensing transaction	437

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2015 RMB'000
萊坊房地產經紀（上海）有限公司 北京分公司 (Knight Frank (Shanghai) Property Consultants Limited Beijing Branch*)	Subsidiary of the principal valuer	Leasing and licensing transaction	1,726
Bank of China Limited	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	26,993
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	Associated company of a significant holder <sup>1</sup>	Public utilities charges <sup>3</sup>	6,426
Bank of China Limited	Associated company of a significant holder <sup>1</sup>	Interest income	13,489
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>1</sup>	Interest income	10,033
<b>Total</b>			<b>94,608</b>

## Notes:

- 1 Significant holder being Hui Xian Cayman.
- 2 An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown Investment Limited, a significant holder of Hui Xian REIT.
- 3 The relevant public utility charges have been reimbursed by Harbour Plaza Chongqing Co. Ltd at cost.

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

\* The English name is shown for identification purpose only.

**CONNECTED PARTY TRANSACTIONS — EXPENSES**

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses in the year ended 31 December 2015:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2015 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder <sup>1</sup>	Property management fee	13,130
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder <sup>1</sup>	Property management fee	17,940
家利物業管理（深圳）有限公司 (Cayley Property Management (Shenzhen) Limited.*)	Associated company of a significant holder <sup>1</sup>	Property management fee	24,363
Cheung Kong Property Holdings Limited	Associated company of a significant holder <sup>1</sup>	Internet services fee	15
廣州屈臣氏食品飲料有限公司 北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch*)	Associated company of a significant holder <sup>1</sup>	Beverage	434
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder <sup>1</sup>	Beverage	1
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder <sup>1</sup>	Cleaning supplies	703
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	Associated company of a significant holder <sup>1</sup>	Hotel services	143
Hutchison Hotel Hong Kong Limited	Associated company of a significant holder <sup>1</sup>	Hotel services	71
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	Associated company of a significant holder <sup>1</sup>	Leasing expenses	315
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of a significant holder <sup>1</sup>	Transitional administrative service fee	1,250
和記黃埔企業有限公司 (Hutchison Whampoa Enterprises Limited*)	Associated company of a significant holder <sup>1</sup>	Trademark license fee <sup>3</sup>	0

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2015 RMB'000
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	Associated company of a significant holder <sup>1</sup>	Insurance expense	437
中國人壽財產保險股份有限公司 北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	Associated company of a significant holder <sup>1</sup>	Insurance expense	1,529
中國人壽財產保險股份有限公司 重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	Associated company of a significant holder <sup>1</sup>	Insurance expense	197
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>1</sup>	Interest expense	36,887
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder <sup>2</sup>	Interest expense	16,578
Hui Xian Holdings Limited	Holding company of a significant holder <sup>1</sup>	Interest expense	6,183
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>1</sup>	Loan commitment and agency fee	336
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder <sup>2</sup>	Loan commitment and agency fee	63
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	46,921
<b>Total</b>			<b>167,496</b>

## Notes:

1 Significant holder being Hui Xian Cayman.

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

3 The relevant trademarks are licensed by Hutchison Whampoa Enterprises Limited to 重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd\*) at no cost.

\* 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 2015 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) on normal commercial terms (to the extent that there are 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 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 and waivers without a fixed renewal period shall be continued without Unitholders' approval.

### **REPORT FROM THE AUDITOR OF HUI XIAN REIT**

Messrs. Deloitte Touche Tohmatsu, auditor of Hui Xian REIT, was engaged to report on Hui Xian REIT's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions on leasing and licensing transactions, property management arrangements, third party services, insurance transactions and other operational transactions and transactions involving ordinary banking and financial services disclosed by Hui Xian REIT on pages 47 to 51 of this Annual Report in accordance with the relevant waivers from strict compliance with disclosure requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of the auditor's letter will be provided to the SFC.

### **TERMS AND REMUNERATION OF SERVICES PROVIDED BY THE MANAGER, THE TRUSTEE AND THE PRINCIPAL VALUER**

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the Manager, the Trustee and the principal valuer to Hui Xian REIT as contemplated under the constitutive documents of Hui Xian REIT shall not be deemed connected party transactions. Such services are therefore not disclosed in the above sections. The aggregate amount of fees (in cash and/or units) payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed for the year ended 31 December 2015 were RMB4,065,000 and RMB201,602,000 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 2015 on pages 116 to 117 of this Annual Report. For the year ended 31 December 2015, the valuation fee and technical due diligence fee payable to the principal valuer, Knight Frank Petty Limited, were RMB295,000 and RMB14,000 respectively.

# DISCLOSURE OF INTERESTS

## INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 31 December 2015, each of the following persons was a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units of Hui Xian REIT as follows:

Name	As at 31 December 2015		As at 30 June 2015
	No. of Units held	Percentage of Units held <sup>1</sup>	No. of Units held
Hui Xian (Cayman Islands) Limited <sup>2</sup>	<b>1,125,000,000</b>	<b>20.91%</b>	1,125,000,000
Other subsidiaries of Cheung Kong Property Holdings Limited <sup>3</sup>	<b>1,163,157,092</b>	<b>21.62%</b>	1,152,650,598
Subsidiary of Bank of China Limited <sup>4</sup>	<b>86,689,500</b>	<b>1.61%</b>	86,689,500
Subsidiaries of China Life Insurance (Group) Company <sup>5</sup>	<b>643,218,500</b>	<b>11.96%</b>	643,218,500
Subsidiary of Orient Overseas (International) Limited <sup>6</sup>	<b>148,125,000</b>	<b>2.75%</b>	148,125,000
The Hongkong and Shanghai Banking Corporation Limited <sup>7</sup>	<b>241</b>	<b>0%</b>	236
Subsidiary of CITIC Securities International Company Limited <sup>8</sup>	<b>10,000,000</b>	<b>0.19%</b>	8,000,000
Subsidiary of ARA Asset Management Limited <sup>9</sup>	<b>12,804,889</b>	<b>0.24%</b>	11,304,889

### Notes:

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

- Based on the total number of 5,378,973,852 Units in issue as at 31 December 2015.
- Hui Xian Cayman, a significant holder of Hui Xian REIT within the meaning of the REIT Code, was a wholly-owned subsidiary of Hui Xian Holdings, which was a subsidiary of Cheung Kong Property Holdings Limited ("Cheung Kong Property") as at 31 December 2015. Please refer to Hui Xian Holding's deemed interest under the SFO in paragraph 3(i) below.
- These subsidiaries of Cheung Kong Property, each being an associate of Hui Xian Cayman, were subsidiaries of either Cheung Kong (Holdings) Limited ("Cheung Kong") or Hutchison Whampoa Limited ("HWL") before the completion (which took place on 3 June 2015) of the reorganisation of Cheung Kong group involving a reorganisation proposal, a merger proposal and a spin-off proposal, ("CK Reorganisation") and became subsidiaries of Cheung Kong Property after completion of the CK Reorganisation. The subsidiaries of Cheung Kong Property were Noblecrown Investment Limited ("Noblecrown") (held 681,908,489 Units as at 31 December 2015 and 30 June 2015), Wisdom Ally Limited ("Wisdom Ally") (held 100,491,145 Units as at 31 December 2015 and 91,484,651 Units as at 30 June 2015), Wealth Finder Limited ("Wealth Finder") (held 13,575,963 Units as at 31 December 2015 and 12,075,963 Units as at 30 June 2015) and Heathcliff Developments Limited ("Heathcliff Developments") (held 367,181,495 Units as at 31 December 2015 and 30 June 2015).

Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager as at 31 December 2015:

- Hui Xian Holdings was taken to be interested in the Units held by Hui Xian Cayman and Noblecrown was taken to be interested in the Units that Hui Xian Holdings was interested in, as Hui Xian Holdings was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Cayman while Noblecrown was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Holdings;
- each of Cheung Kong Property and the intermediate holding companies through which Cheung Kong Property 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;

## DISCLOSURE OF INTERESTS

- (iii) Noblecrown, of which Wisdom Ally and Wealth Finder were subsidiaries, was taken to have an interest in the Units held by Wisdom Ally and Wealth Finder respectively; and
  - (iv) Cheung Kong Property, in view of its interest in the above intermediate holding companies through which Noblecrown and Heathcliff Developments were held, was taken to have an interest in the Units held by Wisdom Ally and Wealth Finder.
4. The subsidiary being Lucky Star International Holdings Inc., an associated company of Hui Xian Holdings and Hui Xian Cayman.
  5. The subsidiaries being Po Lian Enterprises Limited and China Life Insurance (Overseas) Co. Ltd, each of them was an associated company of Hui Xian Holdings and Hui Xian Cayman.
  6. The subsidiary being Far Gain Investment Limited, a controlling entity of Hui Xian Holdings.
  7. The Hongkong and Shanghai Banking Corporation Limited was an associate of Mr. LI Tzar Kuoi, Victor who was a director of Noblecrown Investment Limited, a significant holder of Hui Xian REIT within the meaning of the REIT Code.
  8. The subsidiary being CSI REITs Investment Management Company Limited, a wholly-owned subsidiary of CITIC Securities International Company Limited, which owned 40% of the voting power at general meetings of the Manager.
  9. The subsidiary being ARA Hui Xian (Holdings) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, which owned 30% of the voting power at general meetings of the Manager.

**Interests of the Manager**

As at 31 December 2015, the Manager held 25,003,142 Units in Hui Xian REIT (30 June 2015: 22,049,648 Units).

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

As at 31 December 2015, each of the following persons was a director, senior executive or officer of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Hui Xian REIT as follows:

Name	As at 31 December 2015 Number of Units held	As at 30 June 2015 Number of Units held
KAM Hing Lam	<b>831,073<sup>1</sup></b>	831,073 <sup>1</sup>
IP Tak Chuen, Edmond	<b>400,000<sup>2</sup></b>	400,000 <sup>2</sup>
CHEUNG Ling Fung, Tom	<b>64,088<sup>3</sup></b>	61,561 <sup>3</sup>
TONG BARNES Wai Che, Wendy	<b>142,865<sup>4</sup></b>	112,856 <sup>4</sup>

*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 2015.

## DIRECTORS' BIOGRAPHICAL INFORMATION

**KAM Hing Lam**, aged 69, is the founding Chairman and Non-executive Director of Hui Xian Asset Management Limited. He is also the founding Chairman of Beijing Oriental Plaza Co., Ltd.

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

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

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

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

Except for Beijing Oriental Plaza Co., Ltd., CKH and HWL, all the companies mentioned above are listed companies.

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

**CHEUNG Ling Fung, Tom**, aged 49, is an Executive Director and the Chief Executive Officer of Hui Xian Asset Management Limited (the "Manager"), and a member of the Disclosures Committee and a member of the Designated (Finance) Committee. Mr. CHEUNG is also a Responsible Officer of the Manager.

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

Prior to joining BOP in 2001, Mr. CHEUNG spent seven years in Shanghai, where, as General Manager, he set up the first Mainland China branch for CBRE in Shanghai. He has 25 years of experience in real estate, encompassing office, retail and residential properties. Mr. CHEUNG has previously been involved in a number of property developments located throughout Mainland China.

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

**LEE Chi Kin, Casey**, aged 53, currently the Executive Director 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 and a Responsible Officer of the Manager in August 2011.

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

Mr. LEE has over 30 years of experience in accounting, hotel management and property development. Prior to joining the group of Cheung Kong Property Holdings Limited (previously known as Cheung Kong (Holdings) Limited), 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 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 Chinese People’s Political Consultative Conference (Shenyang).

**IP Tak Chuen, Edmond**, aged 63, is a Non-executive Director of Hui Xian Asset Management Limited. Mr. IP is Deputy Managing Director of CK Hutchison Limited, as well as Deputy Managing Director, an Executive Director and a Member of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited (“CKH”), an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int’l., (Holdings) Inc., as well as a Non-executive Director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), TOM Group Limited, Real Nutraceutical Group Limited and Shougang Concord International Enterprises Company Limited.

Except for CKH, 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 59, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010 and Director of Hui Xian Investment Limited since 29 April 2011. He is also the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited ("ARA") since its establishment. He is also a Non-executive Director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT dual-listed in Singapore and Hong Kong), ARA Trust Management (Suntec) Limited (the manager of Singapore-listed Suntec REIT), ARA Asset Management (Prosperity) Limited (the manager of Hong Kong-listed Prosperity REIT) and ARA-CWT Trust Management (Cache) Limited (the manager of Singapore-listed Cache Logistics Trust). Mr. LIM is also the Chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the Management Council of The Management Corporation Strata Title Plan No. 2197 (Suntec City).

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

Mr. LIM has more than 30 years of experience in real estate industry and has received many notable corporate awards. His accolades include the Ernst & Young Entrepreneur of the Year Singapore 2012, Ernst & Young Entrepreneur of the Year – Financial Services 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr. LIM, together with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012.

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

**YIN Ke**, aged 52, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is the Chief Executive Officer, Executive Director of CITIC Securities International Company Limited. He is also an Executive Director of CITIC Securities Company Limited, a PRC company whose A shares and H shares are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange respectively. Moreover, he was a Non-executive Director of CITIC Limited (previously known as CITIC Pacific Limited), a company listed on the Main Board of the Hong Kong Stock Exchange. He is also an External Director of Shandong Heavy Industry Group. Mr. YIN began his career as an assistant to the Chief Executive Officer of the Shenzhen Stock Exchange. He has previously served as a Non-executive Director of CITIC Dameng Holdings Limited and Dah Chong Hong Holdings Limited, company listed on the Main Board of the Hong Kong Stock Exchange, an Executive Director of Jun An Securities Limited, an Executive Director of Guo Tai Jun An Securities Company Limited, the Executive Director and President of China United Securities Limited, a Director of ACT 360 Solutions Limited, a Director of CCB Principal Asset Management Company Limited, a Director & Deputy Chief Executive Officer of CITIC Capital Holdings Limited and a Director of Zhongxing Shenyang Commercial Building Group Company Limited. Mr. YIN has extensive investment banking experience in both the PRC and overseas. He is also actively involved in various professional associations including the Securities Association of China and the Securities Association of Shenzhen. He has been a member of the Securities and Futures Commission Advisory Committee since 1 June 2015.

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

**CHENG Hoi Chuen, Vincent**, aged 67, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He was the Adviser to the Group Chief Executive of HSBC Holdings plc and is also an Independent Non-executive Director of Great Eagle Holdings Limited, MTR Corporation Limited, CLP Holdings Limited, China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited, Wing Tai Properties Limited and CK Hutchison Holdings Limited, the shares of all of which are listed on The Stock Exchange of Hong Kong Limited. He is the former Chairman of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited. Mr. CHENG was previously an Executive Director of HSBC Holdings plc, a Non-executive Director of HSBC China Dragon Fund and an Independent Non-executive Director of Swire Properties Limited.

Mr. CHENG was the Chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR and the Chairman of the Council of The Chinese University of Hong Kong. He is a member of the Advisory Committee on Post-service Employment of Civil Servants and a Vice-patron of Community Chest of Hong Kong. He was also a member of the National Committee of the 11th Chinese People's Political Consultative Conference ("CPPCC"), and a Senior Adviser to the 11th Beijing Municipal Committee of the CPPCC. He was the Chairman of the Process Review Panel for the Securities and Futures Commission, Chairman of the Standing Committee on Directorate Salaries and Conditions of Service of the Hong Kong Government, a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Vice-chairman of the China Banking Association.

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

**LEE Chack Fan**, aged 70, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is an Academician of Chinese Academy of Engineering and was appointed as the Chancellor of the Chu Hai College of Higher Education on 1 July 2015. He is also an Independent Non-executive Director of Louis XIII Holdings Limited (formerly known as Paul Y. Engineering Group Limited) and AID Partners Capital Holdings Limited.

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. He is a past Chairman of the Harbourfront Enhancement Committee, and the Council of the Lord Wilson Heritage Trust, and the Veterinary Surgeons Board. He previously also served as a member of Board of the West Kowloon Cultural District Authority and the Cultural and Heritage Commission.

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

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

**CHOI Koon Shum, Jonathan**, aged 58, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is also Chairman of the Sun Wah Group, Chairman of Sunwah International Limited (formerly known as Kingsway International Holdings Limited) (Toronto-listed), Chairman of Sunwah Kingsway Capital Holdings Limited (formerly known as SW Kingsway Capital Holdings Limited) (Hong Kong-listed), Chairman of VinaCapital, Vietnam, Chairman of the Sun Wah Hi-Tech Group and Chairman of the Sun Wah Media Group. Dr. CHOI has extensive experience in the financial services business, food industry, real estate development, international trade and technology.

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

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

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

## KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

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

**LAI Wai Yin, Agnes** is the Chief Financial Officer and Responsible Officer of the Manager. She is also the Financial Controller of Beijing Oriental Plaza Company Limited. Ms. LAI has worked for Beijing Oriental Plaza Company Limited since she joined the company as Finance Manager in 2000. She has over 26 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.

**CHING Sung, Eric** is the Deputy Chief Investment Officer and Responsible Officer of the Manager. Prior to joining the Manager, Mr. CHING worked in CK Life Sciences Int'l., (Holdings) Inc. and Cheung Kong Infrastructure Holdings Limited. Mr. CHING has over 31 years of experience in banking, finance and mergers & acquisitions. He holds a Master's degree in Management.

**TANG Hiu Tung, Daisy** is the Senior Corporate Finance and Corporate Development Manager and Responsible Officer of the Manager. Ms. TANG has over 15 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.

**FONG Chi Lam, Jasmine** is the Compliance Manager of the Manager. Ms. FONG is also the Senior Legal Manager of Cheung Kong Infrastructure Holdings Limited. She has over 18 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.

**TSE Chun Wai, Richard** is the Internal Audit Manager of the Manager. He is also the Senior Manager, Internal Audit Department of Cheung Kong Property Holdings Limited. He has over 24 years of experience in auditing. Mr. TSE holds a Master 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.



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

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

7 March 2016

Dear Sirs

## **VALUATION OF VARIOUS PORTIONS OF ORIENTAL PLAZA LOCATED AT DONGCHENG DISTRICT, BEIJING, THE PEOPLE'S REPUBLIC OF CHINA**

In accordance with your instructions for us to value the captioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2015 for your accounting purpose.

### **BASIS OF VALUATION**

Our valuation is our opinion of the market value of each of the property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

## **VALUATION METHODOLOGY**

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

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

We have valued the property nos. 1 to 3 and 5 by capitalization of the net rental income generated in the unexpired land use rights term of the property until 21 April 2049.

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

For property no. 4, the hotel portion, we have valued the property interest under the basis of on-going concern, and we have adopted income approach by making reference to its historical performance of the past years. During the course of the valuation, we have relied on the gross operating profit generated from the hotel operation during corresponding periods and made reference to the require rate of return of similar form of investment.

## **TITLE DOCUMENTS AND ENCUMBRANCES**

We have been provided with extracts of title documents relating to the property interests. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information given by the Company regarding the titles and other legal matters relating to the properties.

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

## **SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion dates of the buildings, identification of the properties, particulars of occupancy, site areas and floor areas. Dimensions, measurements and areas included in the valuation report attached are based on information provided

to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

## **INSPECTION AND MEASUREMENT**

We have inspected the exterior, and where possible, the interior of the properties. However, no structural survey has been made. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. For the purpose of this valuation, we have assumed that the properties have been maintained in satisfactory condition. Moreover, we have not been able to carry out on-site measurements to verify the site areas and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

## **CURRENCY**

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

## **REMARKS**

This report is confidential to the Company for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the Company in respect of the purpose, but the Company shall not disclose the report to any other person.

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

Pursuant to Section 6.5 in Chapter 6 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

Our executive summary and valuation report are attached.

Yours faithfully

For and on behalf of

**Knight Frank Petty Limited**

**Clement W M Leung**

*MFin MCIREA MHKIS MRICS RPS (GP)*

*Executive Director*

*Head of China Valuation*

**EXECUTIVE SUMMARY**

- Properties
- (1) The Retail Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC
  - (2) The Office Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC
  - (3) The Serviced Apartment Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC
  - (4) The Hotel Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC
  - (5) The basement Portion of Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, The PRC

Description Oriental Plaza is a mixed use commercial complex comprising a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartment towers, a 5-star hotel, car parking spaces and other ancillary facilities.

Site Area 109,924.10 sq. m. (Note 1)

Note 1: The site area of the Oriental Plaza is of 77,594.81 sq. m. under the relevant State-owned Land Use Certificate as stated below and the planned land use area of the Property is of 109,924.10 sq. m. under the relevant Appendix of Construction Land Use Planning Permit.

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

Gross Floor Area According to the information provided by BOP, the details of approximate gross floor area are listed as follows:

<b>Property</b>	<b>Approximately Gross Floor Area (sq.m.)</b>
Retail Portion	130,195
Office Portion	309,552
Serviced Apartment Portion	81,603
Hotel Portion	125,420
Basement Portion	116,712
<b>Total:</b>	<b>763,482</b>

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

<b>Property</b>	<b>Approximately Lettable Area (sq.m.)</b>
Retail Portion	72,963
Office Portion	298,330
Serviced Apartment Portion	81,098
<b>Total:</b>	<b>452,391</b>

State-owned Land Use Certificate Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用(2006出)第10128號)

Building Ownership Certificate Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號)

Date of Valuation 31 December 2015

Valuation Methodology Income Capitalization Approach and Direct Comparison Approach

Market Value in Existing State

<b>Property</b>	<b>Market value in existing state as at 31 December 2015</b>
Retail Portion	14,750,000,000
Office Portion	14,930,000,000
Serviced Apartment Portion	2,280,000,000
Hotel Portion	3,550,000,000
Basement Portion	280,000,000
<b>Total:</b>	<b>35,790,000,000</b>

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015										
1. The retail portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	<p>Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq. m., it is completed in 2004.</p> <p>The property comprises the retail portion of the Development with a total gross floor area and lettable area of approximately 130,195 sq. m. and 72,963 sq. m. respectively. The approximate lettable area of the property is listed as follows:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Approximate Lettable Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Podium level</td> <td>15,859</td> </tr> <tr> <td>Upper ground level</td> <td>22,826</td> </tr> <tr> <td>Lower ground level</td> <td>34,278</td> </tr> <tr> <td><b>Total:</b></td> <td><b>72,963</b></td> </tr> </tbody> </table> <p>The property is held under a land use rights term expiring on 21 April 2049 for composite use.</p>	Level	Approximate Lettable Area (sq.m.)	Podium level	15,859	Upper ground level	22,826	Lower ground level	34,278	<b>Total:</b>	<b>72,963</b>	<p>Portion of the property with a total lettable area of approximately 72,009 sq. m. has been leased under various tenancies with the last expiry term in March 2024 yielding an average monthly rental of approximately RMB84,885,747 exclusive of management fee.</p> <p>Various advertising spaces are let under various agreements yielding an average monthly income of approximately RMB1,032,000 from January 2015 to December 2015.</p> <p>The remaining portion of the property is currently vacant.</p>	RMB14,750,000,000
Level	Approximate Lettable Area (sq.m.)												
Podium level	15,859												
Upper ground level	22,826												
Lower ground level	34,278												
<b>Total:</b>	<b>72,963</b>												

## Notes:

- Pursuant to the Stated-owned Land Use Rights Certificate Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (國有土地使用證京市東港澳臺國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated 26 June 2006. The land use rights of the Development with a total site area of 77,594.81 sq. m. was vested in BOP for a land use term expiring on 21 April 2049 for composite use.
- Pursuant to the Building Ownership Certificate Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (房屋所有權證京房權證市東港澳臺字第10283號) issued by Beijing Municipal Commission of Construction (北京市建設委員會) dated 9 December 2005, the building ownership rights of the Development with a gross floor area of 763,480.35 sq. m. was vested in BOP.
- Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq. m., of which about 94,624.10 sq. m. of land is for construction land use of Oriental Plaza and about 15,300.00 sq. m. of land is to be resumed for city road use.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for the repair of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.

5. According to the information provided by BOP, the total monthly rental income of the property reported are contractual rentals without taking into account turnover rent, if any. The average monthly turnover rent income is approximately RMB841,000.
6. Our analysis of the existing tenancy profile according to the tenancy information provided by BOP is set out below:

**Occupancy Profile**

Type	Approximate Lettable Area (sq.m.)	% of total
Leased	72,009	98.7
Vacant	954	1.3
<b>Total:</b>	<b>72,963</b>	<b>100.0</b>

**Tenancy Commencement Profile (excluding rental income from turnover)**

Year	Approximate Leased Lettable Area* (sq.m.)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2001	274	0.4	132,058	0.2	1	0.3
2002	—	0.0	—	0.0	0	0.0
2003	—	0.0	—	0.0	0	0.0
2004	—	0.0	—	0.0	0	0.0
2005	—	0.0	—	0.0	0	0.0
2006	—	0.0	—	0.0	0	0.0
2007	998	1.4	153,600	0.2	1	0.3
2008	—	0.0	—	0.0	0	0.0
2009	—	0.0	—	0.0	0	0.0
2010	271	0.4	246,000	0.3	1	0.3
2011	3,470	4.8	2,331,000	2.7	4	1.4
2012	6,846	9.5	6,225,409	7.3	9	3.1
2013	10,676	14.8	18,038,920	21.3	57	19.5
2014	19,575	27.2	32,599,483	38.4	86	29.5
2015	26,681	37.0	25,159,277	29.6	106	36.3
2016	3,218	4.5	—	0.0	27	9.3
<b>Total:</b>	<b>72,009</b>	<b>100.0</b>	<b>84,885,747</b>	<b>100.0</b>	<b>292</b>	<b>100.0</b>

**Tenancy Expiry Profile (excluding rental income from turnover)**

Year	Approximate Leased Lettable Area* (sq.m.)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2015	1,017	1.4	3,095,473	3.6	10	3.4
2016	17,705	24.6	24,774,858	29.2	80	27.4
2017	20,983	29.1	32,052,861	37.8	77	26.4
2018	12,533	17.4	15,490,882	18.2	86	29.5
2019	4,884	6.8	3,896,988	4.6	14	4.8
2020	8,392	11.7	5,125,085	6.0	20	6.9
2021	1,866	2.6	305,500	0.4	3	1.0
2022	2,394	3.3	144,100	0.2	1	0.3
2023	—	0.0	—	0.0	0	0.0
2024	2,235	3.1	—	0.0	1	0.3
<b>Total:</b>	<b>72,009</b>	<b>100.0</b>	<b>84,885,747</b>	<b>100.0</b>	<b>292</b>	<b>100.0</b>

**Tenancy Duration Profile (excluding rental income from turnover)**

Year	Approximate Leased Lettable Area*		Net Monthly Rental**		No. of Tenancies***	
	(sq.m.)	% of total	(RMB)	% of total		% of total
Up to 1 Year	1,460	2.0	1,752,565	2.1	6	2.1
More than 1 Year and up to 2 Years	3,353	4.6	6,178,309	7.3	29	9.9
More than 2 Years and up to 3 Years	29,963	41.6	50,805,960	59.6	181	62.0
More than 3 Years and up to 4 Years	2,231	3.1	2,980,965	3.5	13	4.5
More than 4 Years and up to 5 Years	21,658	30.1	18,722,865	22.1	42	14.4
More than 5 Years and up to 6 Years	5,201	7.2	3,189,924	3.8	14	4.8
More than 6 Years and up to 7 Years	271	0.4	246,000	0.3	1	0.3
More than 7 Years and up to 8 Years	6,600	9.2	723,500	0.9	4	1.4
More than 8 Years and up to 9 Years	—	0.0	—	0.0	0	0.0
More than 9 Years and up to 10 Years	998	1.4	153,600	0.2	1	0.3
More than 10 Years	274	0.4	132,059	0.2	1	0.3
<b>Total:</b>	<b>72,009</b>	<b>100.0</b>	<b>84,885,747</b>	<b>100.0</b>	<b>292</b>	<b>100.0</b>

\* As at the date of valuation, the total leased lettable area of approximately 72,009 sq. m. includes an area of approximately 3,218 sq. m. for tenancies with lease term not yet commenced and an area of approximately 68,791 sq. m. for tenancies with lease terms already commenced.

\*\* As at the date of valuation, the total net monthly rental only includes the net monthly rental receivable from tenancies with lease terms already commenced and excluded the net monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB1,642,700 per month.

\*\*\* As at the date of valuation, there are 292 tenancies, in which 265 tenancies are with lease terms already commenced and 27 tenancies are with lease term not yet commenced.

7. We have noted from the market of the following asking price of strata-title retail properties, details are listed as follows:

Comparable Property	Location	Type of Transaction	Date of Offer	Asking Price (RMB/sq. m.) (G)
Wangfujing Fuyang Plaza	Dongcheng District	Asking	December 2015	100,000
Beijing INN	Dongcheng District	Asking	December 2015	100,000

Please note that we are not the involved parties of the above transactions. Hence, we are unable to verify or obtain direct confirmation of the above information and we cannot guarantee, warrant or make any representation of the above-mentioned information. The information provided is for reference purpose only.

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

- (i) the property has a proper legal title;
- (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
2. The office portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	<p>Oriental Plaza (the “Development”) is a large composite development comprises a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq. m., it is completed in 2004.</p> <p>The property comprises 5 blocks of 12-storey office towers and 3 blocks of 18-storey office towers of the Development with a total gross floor area and lettable area of approximately 309,552 sq. m. and 298,330 sq. m. respectively.</p> <p>The property is held under a land use rights term expiring on 21 April 2049 for composite use.</p>	<p>Portion of the property with a total lettable area of approximately 287,389 sq. m. has been leased under various tenancies with the last expiry term in March 2023 yielding a total monthly rental of approximately RMB79,034,872 exclusive of management fee.</p> <p>Portion of the property with a total lettable area of approximately 2,419 sq. m. has been occupied by the owner for self-use.</p> <p>The naming rights of office towers E2 and E3 are let under two agreements for the last expiry term in October 2023 yielding a monthly income of approximately RMB245,800.</p> <p>The remaining portion of the property is currently vacant.</p>	RMB14,930,000,000

## Notes:

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- Pursuant to the Building Ownership Certificate Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (房屋所有權證京房權證市東港澳臺字第10283號) issued by Beijing Municipal Commission of Construction (北京市建設委員會) dated 9 December 2005, the building ownership rights of the Development with a gross floor area of 763,480.35 sq. m. was vested in BOP.
- Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq. m., of which about 94,624.10 sq. m. of land is for construction land use of Oriental Plaza and about 15,300.00 sq. m. of land is to be resumed for city road use.

## VALUATION REPORT

4. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for the repair of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.
5. According to the information provided by BOP, the total monthly rental income of the property reported are contractual rentals without taking into account rent free period, if any.
6. Our analysis of the existing tenancy profile according to the tenancy information provided by BOP is set out below:

### Occupancy Profile

Type	Approximate Lettable Area (sq.m.)	% of total
Leased	287,389	96.3
Owner-occupied	2,419	0.8
Vacant	8,522	2.9
<b>Total:</b>	<b>298,330</b>	<b>100.0</b>

### Tenancy Commencement Profile

Year	Approximate Leased Lettable Area* (sq.m.)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2012	6,887	2.4	2,082,921	2.6	10	1.8
2013	52,051	18.1	14,219,030	18.0	115	20.6
2014	102,492	35.7	27,379,890	34.7	204	36.5
2015	122,907	42.8	35,353,031	44.7	224	40.1
2016	3,052	1.0	—	0.0	6	1.0
<b>Total:</b>	<b>287,389</b>	<b>100.0</b>	<b>79,034,872</b>	<b>100.0</b>	<b>559</b>	<b>100.0</b>

### Tenancy Expiry Profile

Year	Approximate Leased Lettable Area* (sq.m.)	% of total	Net Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2015	26,549	9.2	6,159,549	7.8	17	3.0
2016	80,033	27.8	23,318,445	29.5	205	36.7
2017	76,900	26.8	22,433,620	28.4	176	31.5
2018	51,519	17.9	16,135,293	20.4	114	20.4
2019	29,187	10.2	6,336,069	8.0	40	7.2
2020	22,348	7.8	4,436,940	5.6	6	1.0
2021	—	0.0	—	0.0	—	0.0
2022	—	0.0	—	0.0	—	0.0
2023	853	0.3	214,956	0.3	1	0.2
<b>Total:</b>	<b>287,389</b>	<b>100.0</b>	<b>79,034,872</b>	<b>100.0</b>	<b>559</b>	<b>100.0</b>

**Tenancy Duration Profile**

Year	Approximate Leased Lettable Area*		Net Monthly Rental**		No. of Tenancies***	
	(sq.m.)	% of total	(RMB)	% of total		% of total
Up to 1 Year	18,386	6.4	5,043,831	6.4	16	2.9
More than 1 Year and up to 2 Years	51,746	18.0	14,772,354	18.7	132	23.5
More than 2 Years and up to 3 Years	125,946	43.8	36,413,634	46.1	276	49.4
More than 3 Years and up to 4 Years	34,237	11.9	10,043,285	12.7	86	15.4
More than 4 Years and up to 5 Years	54,235	18.9	12,019,032	15.2	44	7.9
More than 5 Years and up to 6 Years	1,986	0.7	527,780	0.6	4	0.7
More than 6 Years and up to 7 Years	—	0.0	—	0.0	—	0
More than 7 Years and up to 8 Years	—	0.0	—	0.0	—	0
More than 8 Years and up to 9 Years	—	0.0	—	0.0	—	0
More than 9 Years and up to 10 Years	853	0.3	214,956	0.3	1	0.2
More than 10 Years	—	0.0	—	0.0	—	0
<b>Total:</b>	<b>287,389</b>	<b>100.0</b>	<b>79,034,872</b>	<b>100.0</b>	<b>559</b>	<b>100</b>

\* As at the date of valuation, the total leased lettable area of approximately 287,389 sq. m. includes an area of approximately 3,052 sq. m. for tenancies with lease term not yet commenced and an area of approximately 284,337 sq. m. for tenancies with lease terms already commenced.

\*\* As at the date of valuation, the total net monthly rental only includes the net monthly rental receivable from tenancies with lease terms already commenced and excluded the net monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB953,902 per month.

\*\*\* As at the date of valuation, there are 559 tenancies, in which 553 tenancies are with lease terms already commenced and 6 tenancies are with lease term not yet commenced.

7. We have noted from the market of the following asking price of strata-title office properties, details are listed as follows:

Comparable Property	Location	Type of Transaction	Date of Offer	Asking Price (RMB/sq. m.) (G)
Lisheng Building	Dongcheng District	Asking	December 2015	60,000
Beijing Fortune Center	Dongcheng District	Asking	December 2015	54,000

Please note that we are not the involved parties of the above transactions. Hence, we are unable to verify or obtain direct confirmation of the above information and we cannot guarantee, warrant or make any representation of the abovementioned information. The information provided is for reference purpose only.

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

- (i) the property has a proper legal title;
- (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
3. The serviced apartment portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	<p>Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq. m., it is completed in 2004.</p> <p>The property comprises a 21-storey serviced apartment tower and a 14-storey serviced apartment tower of the Development with a total gross floor area and lettable area of approximately 81,603 sq. m. and 81,098 sq. m. respectively.</p> <p>The property is held under a land use rights term expiring on 21 April 2049 for composite use.</p>	<p>Portion of the property with a total lettable area of approximately 77,030 sq. m. has been leased under various tenancies with the last expiry term in July 2018 yielding a total monthly rental of approximately RMB8,467,236 exclusive of management fee.</p> <p>Portion of the property with a total lettable area of approximately 920 sq. m. has been occupied by the owner for self-use.</p> <p>The remaining portion of the property is currently vacant.</p>	RMB2,280,000,000

## Notes:

- Pursuant to the Stated-owned Land Use Rights Certificate Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (國有土地使用證京市東港澳臺國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated 26 June 2006. The land use rights of the Development with a total site area of 77,594.81 sq. m. was vested in BOP for a land use term expiring on 21 April 2049 for composite use.
- Pursuant to the Building Ownership Certificate Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (房屋所有權證京房權證市東港澳臺字第10283號) issued by Beijing Municipal Commission of Construction (北京市建設委員會) dated 9 December 2005, the building ownership of the Development with a gross floor area of 763,480.35 sq. m. was vested in Beijing Oriental Plaza Company Limited.
- Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq. m., of which about 94,624.10 sq. m. of land is for construction land use of Oriental Plaza and about 15,300.00 sq. m. of land is to be resumed for city road use.
- In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for the repair of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.
- According to the information provided by BOP, the total monthly rental income of the property reported are contractual rentals without taking into account rent free period, if any.

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

**Occupancy Profile**

Type	Approximate Lettable Area (sq.m.)	% of total
Leased	77,030	95.0
Owner-occupied	920	1.1
Vacant	3,148	3.9
<b>Total:</b>	<b>81,098</b>	<b>100.0</b>

**Tenancy Commencement Profile**

Year	Approximate Leased Lettable Area (sq.m.)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2013	96	0.1	12,036	0.1	1	0.2
2014	4,672	6.1	516,971	6.1	32	5.4
2015	69,501	90.2	7,938,229	93.8	533	91.0
2016	2,761	3.6	—	0.0	20	3.4
<b>Total:</b>	<b>77,030</b>	<b>100.0</b>	<b>8,467,236</b>	<b>100.0</b>	<b>586</b>	<b>100.0</b>

**Tenancy Expiry Profile**

Year	Approximate Leased Lettable Area (sq.m.)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
2015	3,430	4.5	415,986	4.9	29	5.0
2016	67,831	88.0	7,488,218	88.5	521	88.9
2017	4,924	6.4	443,048	5.2	33	5.6
Beyond 2017	845	1.1	119,984	1.4	3	0.5
<b>Total:</b>	<b>77,030</b>	<b>100.0</b>	<b>8,467,236</b>	<b>100.0</b>	<b>586</b>	<b>100.0</b>

**Tenancy Duration Profile**

Year	Approximate Leased Lettable Area (sq.m.)	% of total	Net Monthly Rental (RMB)	% of total	No. of Tenancies	% of total
Up to 1 Year	64,949	84.3	7,094,840	83.8	505	86.2
More than 1 Year and up to 2 Years	11,023	14.3	1,206,795	14.2	76	13.0
More than 2 Years and up to 3 Years	1,058	1.4	165,601	2.0	5	0.8
More than 3 years	—	0.0	—	0.0	—	0.0
<b>Total:</b>	<b>77,030</b>	<b>100.0</b>	<b>8,467,236</b>	<b>100.0</b>	<b>586</b>	<b>100.0</b>

## VALUATION REPORT

7. We have noted from the market of the following asking price of strata-title residential properties, details are listed as follows:

<b>Comparable Property</b>	<b>Location</b>	<b>Type of Transaction</b>	<b>Date of Offer</b>	<b>Asking Price</b> <i>(RMB/sq. m.) (G)</i>
Henderson Center	Dongcheng District	Asking	December 2015	36,000
Meihua Century	Dongcheng District	Asking	December 2015	34,000

*Please note that we are not the involved parties of the above transactions. Hence, we are unable to verify or obtain direct confirmation of the above information and we cannot guarantee, warrant or make any representation of the abovementioned information. The information provided is for reference purpose only.*

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

- (i) the property has a proper legal title;
- (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
4. The hotel portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	<p>Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq. m., it is completed in 2004.</p> <p>The property comprises a 20-storey hotel tower with 4 levels of basement of the Development, accommodating 825 guestrooms, restaurants and lounges, business centre, fitness centre, indoor swimming pool, meeting rooms, ballrooms and function rooms. It has a total gross floor area of approximately 125,420 sq. m..</p> <p>The property is held under a land use rights term expiring on 21 April 2049 for composite use.</p>	The property is operating as a 5-star hotel under the brand name of Grand Hyatt Beijing.	RMB3,550,000,000

## Notes:

1. Pursuant to the Stated-owned Land Use Rights Certificate Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (國有土地使用證京市東港澳臺國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated 26 June 2006. The land use rights of the Development with a total site area of 77,594.81 sq. m. was vested in BOP for a land use term expiring on 21 April 2049 for composite use.
2. Pursuant to the Building Ownership Certificate Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (房屋所有權證京房權證市東港澳臺字第10283號) issued by Beijing Municipal Commission of Construction (北京市建設委員會) dated 9 December 2005, the building ownership rights of the Development with a gross floor area of 763,480.35 sq. m. was vested in BOP.
3. Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq. m., of which about 94,624.10 sq. m. of land is for construction land use of Oriental Plaza and about 15,300.00 sq. m. of land is to be resumed for city road use.
4. We have prepared our valuation based on the following assumptions:
  - (i) the property has a proper legal title;
  - (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
  - (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
5. The basement portion of Oriental Plaza No. 1 East Chang An Avenue Dongcheng District Beijing The PRC	<p>Oriental Plaza (the "Development") is a large composite development comprises a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartment towers, a hotel and basement car park with a total gross floor area of approximately 763,482 sq. m., it is completed in 2004.</p> <p>The property comprises the 4-level basement portion of the Development with a total gross floor area of approximately 116,712 sq. m., providing 1,849 car parking spaces, including loading and unloading spaces.</p> <p>The property is held under a land use rights term expiring on 21 April 2049 for composite use.</p>	<p>Portion of the property is let under various licenses on monthly and/or hourly basis yielding an average monthly total income of approximately RMB1,880,000 exclusive of management fee.</p> <p>The remaining portion of the property is currently vacant.</p>	RMB280,000,000

Notes:

- Pursuant to the Stated-owned Land Use Rights Certificate Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (國有土地使用證京市東港澳臺國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated 26 June 2006. The land use rights of the Development with a total site area of 77,594.81 sq. m. was vested in BOP for a land use term expiring on 21 April 2049 for composite use.
- Pursuant to the Building Ownership Certificate Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (房屋所有權證京房權證市東港澳臺字第10283號) issued by Beijing Municipal Commission of Construction (北京市建設委員會) dated 9 December 2005, the building ownership rights of the Development with a gross floor area of 763,480.35 sq. m. was vested in BOP.
- Pursuant to the Appendix of Construction Land Use Planning Permit No. 2000-Gui Di Zi-0008 (建設用地規劃許可證附件2000-規地字-0008) issued by Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated 10 January 2000, the total land area of 109,924.10 sq. m., of which about 94,624.10 sq. m. of land is for construction land use of Oriental Plaza and about 15,300.00 sq. m. of land is to be resumed for city road use.
- We have noted from the market of the following asking price of strata-title car parking space, details are listed as follows:

Comparable Property	Location	Type of Transaction	Date of Offer	Asking Price (RMB/car parking space)
Dongsishitiao	Dongcheng District	Asking	December 2015	320,000
Dongsishitiao	Dongcheng District	Asking	December 2015	400,000

- We have prepared our valuation based on the following assumptions:
  - the property has a proper legal title;
  - all land premium and costs of resettlement and public utilities services have been fully settled;
  - the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
  - the property can be freely disposed of to local or overseas purchasers.

## MARKET OVERVIEW

Beijing, as the capital of PRC, is one of the most developed cities in China. At the end of 2015, the GDP of Beijing was recorded RMB2.30 trillion, representing an increase of 6.9 percent. The fixed asset investment grew at an annual rate of 5.7 percent, reaching RMB799.1 billion by the end of 2015. The total retail sales of consumer goods of Beijing was RMB1,003.2 billion and the disposable income of residents was recorded RMB48,458, representing a growth rate of 11.2 percent and 8.9 percent respectively. At the end of 2015, the total population of Beijing is approximately 21.7 million.

### Beijing Retail Market

#### *Supply and Demand*

In the third quarter of 2015, three large-scale shopping malls are added to the Beijing retail market, providing a total of approximately 360,000 sq. m. retail area. They are Baoyuan International Shopping Centre (寶苑國際購物中心), AEON Mall (永旺夢樂城) and BBMG GEM Mall (金隅嘉品購物中心). Baoyuan International Shopping Centres and AEON Mall are both located in Fengtai District whilst BBMG Mall is located in Chaoyang District.

On the other hand, a shopping mall of 200,000 sq. m., ZGC Plaza Shopping Mall (中關村廣場購物中心), has been undergoing the conversion from retail use to office use, and hence, such retail area is being pulled out from the Beijing retail stock. As a result, the occupancy of Beijing shopping mall in urban area showed a slight increase despite about 360,000 sq. m. of retail area is added into stock in this quarter. At the end of Q3, the total stock of the prime retail area recorded over 10 million.

In the last quarter of 2015, there are about 4 prime retail malls in non-prime locations are expected to be delivered, namely Zhuzong Vanke Plaza (住總萬科廣場), Hualian Pinggu Shopping Centre (華聯平谷購物中心), Hualian Datun Shopping Centre (華聯大屯購物中心) and Longfor Time Walk (龍湖時代天街). Zhuzong Vanke Plaza and Longfor Time Walk Hualian are located in Daxing district whilst Pinggu Shopping Centre and Hualian Datun Shopping Centre are located in Pinggu District and Datun District respectively. These 4 prime shopping malls provide a total of approximately 460,000 sq. m. retail space.

#### *Market Trend*

Regarding the retail rental of prime shopping malls, despite the sluggish retail property market, the F&B retailers are still undergoing expansion of their business and taking up more retail space than before. However, the rental affordability of these retailers are relatively low compared to other retailers. This creates pressure to landlords to increase the rentals.

This explains why the floor rent on Level 1 of Beijing shopping malls are experiencing a less than 1 percentage point growth in Q3 of 2015, which is the lowest y-o-y growth rate for the past half-decade. In the future, the decentralization of Beijing is in an on-going progress and it is expected more and more prime shopping malls will be established in the sub-urban areas of Beijing.

### Beijing Office Market

#### *Supply and Demand*

In Q3, the new supply of prime office space was approximately 37,428 sq. m., comprised with Shoujian Financial Centre in Beijing Financial Street and the Marriot Hotel office conversion project in the East Second Ring Road area, adding 25,000 sq. m. and 12,428 sq. m. of prime office space to the market respectively. It is expected that 50,000 sq. m. of new office supply will be launched in the last quarter of 2015, namely Kaiyuan International Plaza, which is located in the southern zone of Beijing Olympic Park.

In Q3, The average sales price of Grade-A office properties rebounded 0.4 percentage point q-o-q to RMB52,208 per sq. m.. The average Grade-A office yield increased slightly by 0.1 percentage point Q-o-Q to 6.4. An en-bloc investment transaction of Grade-A office was recorded in the core business area. Strata-titled office sales remained active in some emerging sub-markets, such as Fengtai, Chaoyang, Tongzhou and Shijingshan Districts.

### **Market Trend**

In Q3, domestic enterprises continued to play a dominant role in the office leasing market, while demand from multinational corporations remained stable. In addition, companies from the finance, internet, information technology and automobile industries showed strong letting demand for prime office space. In the quarter, most prime office submarkets witnessed decreases in rents q-o-q except Financial Street and Lufthansa. Due to a lack of new supply, rents in Lufthansa rose 2.5 percentage point, while the vacancy rate was down 0.6 percentage point. The vacancy rate in Financial Street slightly increased 0.2 percentage point with new offices launched, but the rents still rose, backed by stable leasing demand. Although rents in the CBD had been hovering at relatively high levels, landlords there started to offer rental incentives to attract and retain quality tenants, resulting in a 1.2 percentage point decline in rents to RMB405 per sq. m. per month.

The vacancy rates in East Second Ring Road and Zhongguancun increased 1.5 percentage point and 0.3 percentage point respectively, dragging down the rents by 1.4 percentage point and 1.9 percentage point, as a result of the launches of new office space in the past two quarters. Looking into the future, it is anticipated that the easing economy will weaken demand for prime office space. Hence, each submarket in Beijing will face upward pressure on vacancy rates and rents are expected to decline in the short term.

### **Beijing Serviced Apartment Market**

#### **Supply and Demand**

There is no new high-end serviced apartment supply in the third quarter of 2015. The total stock of serviced apartment in Beijing down by about 5 percentage point as the serviced apartment on Financial Street and the Fairmont Residence in Lido are undergoing the conversion from serviced apartment to office property. Moreover, thanks to the Military Parade in early September, many businesses operation are restricted in such period. Serviced apartment along the Chang'an Avenue was also affected by such restrictions. However, a net take-up of serviced apartment is still not resulted in Q3 of 2015.

Due to the stricter accommodation subsidy from the international enterprises, leading to a sluggish demand in serviced apartment. It is expected that new stock will be added in Q4 of 2015. Nevertheless, the said new stock includes Somerset Wangjing (盛捷遠洋望京服務公寓) in Wangjing District, Oakwood Residence at Damei Central Plaza (奧克伍德服務式公寓 — 達美中心) in Chaoyang and Shama BCS (莎瑪BCS北京) in Shunyi District. Furthermore, the renovation of west building of Century Tower will be complete and hence the added back to the total serviced apartment stock in Beijing. Oppositely, the Pacific Century Place in Lufthansa will be undergoing renovation and temporarily be removed from the market.

### **Market Trend**

The average rental decreased by approximately 1 percentage point q-o-q. This is mainly due to the restriction of the Military Parade and the discount offered to boost the volume of total leases in serviced apartment market. With tighter accommodation subsidy and more and more less competitive serviced apartment is adding into market, such as those one in non-prime areas, it is anticipated that the average rental will continue to drop in the coming future.

## Beijing Hotel Market

### *Supply and Demand*

From July 2014 to June 2015, approximately 1,500 high-end hotel rooms were added to the Beijing market. In the third quarter of 2014, there was 200-room Grand Mercure Beijing Dongcheng opened in Dongcheng District. Then, in the fourth quarter of 2014, the Rosewood Beijing with 283 rooms in the CBD and the W Beijing Chang'an with 349 rooms on Jianguomen Avenue were opened. During the first half of 2015, two luxury hotels launched in the capital, namely Sunrise Kempinski Hotel, with the 306 rooms and opened in the scenic zone of Huairou in February and the 362-room Orient MGM International Hotel, which opened in Fengtai in June. By mid-2015, the total stock of five-star hotel rooms in Beijing reached 37,450. The market performance of the high end hotel sector remained steady since the second half of 2014, thanks to a series of holidays, including Christmas, New Year, the Spring Festival and Labour Day. During the first half of 2015, the five-star hotel occupancy rate increased a 0.6 percentage point to reach 60.7, while the average room rate dropped 0.4 percentage point to settle at RMB811.3, on a year-on-year basis.

### *Market Trend*

Looking ahead, we expect three prime hotels to open towards the end of 2015, adding about 1,060 five-star hotel rooms to the market. These will include the 241-room of Mandarin Oriental Beijing, which will open in the Chaoyang CBD; the 438-room NUO Hotel Beijing, which will open in the Lido commercial area as NUO Properties' first flagship hotel in China and the 381-room Sheraton Beijing West Mountain Resort, which will be the first five-star international hotel in the West Mountain scenic zone of Haidian District. Following the success of the Asia Pacific Economic Cooperation Third Senior Officials' Meeting in November 2014, Beijing's prime hotel market is expected to further benefit from a number of high-profile events, including the IAAF World Championships in August and the 70th anniversary of the victory of China against Japan in September. The events are expected to stimulate the capital's tourism and hospitality industries, sustaining market demand for prime hotel rooms.

In the short term, for the whole China's hotel market, it is still facing challenges, including a global economic recovery falling short of expectations, a slowdown in domestic economic growth and increasingly fierce competition among local and international hotels resulting from increased supply. In the medium to long term, the Chinese economy will focus on domestic consumption as its growth impetus and more tourism facilities will be completed, such as the world's largest Universal Studios, scheduled to open in Beijing in 2019. International hotel operators are still confident in the market, as reflected by the recent announcements of aggressive expansion plans in China by Starwood, Swiss International and Regent.



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2 Queen's Road Central  
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DB Trustees (Hong Kong) Limited  
52/F International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

7 March 2016

Dear Sirs

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

In accordance with your instructions for us to value the captioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2015 for your accounting purpose.

### **BASIS OF VALUATION**

Our valuation is our opinion of the market value of each of the property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

### **VALUATION METHODOLOGY**

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

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

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

## **TITLE DOCUMENTS AND ENCUMBRANCES**

We have been provided with extracts of title documents relating to the property interests. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information given by the Company regarding the titles and other legal matters relating to the properties.

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

## **SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion dates of the buildings, identification of the properties, particulars of occupancy, site areas and floor areas. Dimensions, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

## **INSPECTION AND MEASUREMENT**

We have inspected the exterior, and where possible, the interior of the properties and the inspection was conducted by Clement Leung, our Executive Director, in June 2015. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. For the purpose of this valuation, we have assumed that the properties have been maintained in satisfactory condition. Moreover, we have not been able to carry out on-site measurements to verify the site areas and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

## **IDENTITY OF PROPERTY TO BE VALUED**

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

## ENVIRONMENTAL ISSUES

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

## COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

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

## CURRENCY

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

## REMARKS

This report is confidential to the Company for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the Company in respect of the purpose, but the Company shall not disclose the report to any other person.

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

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

Our executive summary and valuation report are attached.

Yours faithfully

For and on behalf of

**Knight Frank Petty Limited**

**Clement W M Leung**

*MFin MCIREA MHKIS MRICS RPS (GP)*

*Executive Director*

*Head of China Valuation*

## EXECUTIVE SUMMARY

- Properties
- (1) The Retail Portion of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The PRC
  - (2) The Office Portion of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The PRC
  - (3) The Basement Portion of Metropolitan Oriental Plaza, No. 68 Zourong Road, Yuzhong District, Chongqing, The PRC

Description

Metropolitan Oriental Plaza (the “Development”) is a large-scale composite development. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and basement level 2 of the Development.

The properties comprise the retail portion, office portion and basement portion of the Development. The retail portion of the Development comprises 8 levels above-ground, a mezzanine level, a lower ground level and portion of basement level 1. The office portion is a 37-storey office tower whilst the basement portion is located at portion of basement Level 1 and whole basement level 2 of the Development.

Site Area 18,072.70 sq. m.

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

Gross Floor Area According to the information provided, the details of approximate gross floor area are listed as follows:

<b>Portion</b>	<b>Approximate Gross Floor Area</b> <i>(sq. m.)</i>
Retail Portion	88,919.18
Office Portion	54,617.37
Basement Portion	20,823.28
<b>Total:</b>	<b>164,359.83</b>

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

<b>Portion</b>	<b>Approximate Lettable Area</b> <i>(sq. m.)</i>
Retail Portion	58,405
Office Portion	50,505
<b>Total:</b>	<b>108,910</b>

Real Estate Title Certificates 101 Fang Di Zheng 2015 Zi Di 24819 Hao (101房地證2015字第24819號)  
101 Fang Di Zheng 2015 Zi Di 24971 Hao (101房地證2015字第24971號)

Date of Valuation 31 December 2015

Valuation Methodology Income Capitalization Approach and Direct Comparison Approach

Market Value in Existing State  
as at Date of Valuation

<b>Property</b>	<b>Market value in existing state as at 31 December 2015</b>
Retail Portion	RMB3,090,000,000
Office Portion	RMB960,000,000
Basement Portion	RMB50,000,000
<b>Total:</b>	<b>RMB4,100,000,000</b>

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
1. The retail portion of Metropolitan Oriental Plaza No. 68 Zourong Road Yuzhong District Chongqing The PRC	<p>Metropolitan Oriental Plaza (the Development") is a large-scale composite development erected on a parcel of land with a site area of approximately 18,072.70 sq. m.. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and whole basement level 2 of the Development. The retail and basement portion of the Development was completed in 1997 while the remaining portions of the Development were completed in 1998.</p> <p>The property comprises the retail portion of the Development. It includes levels 1 to 8, a mezzanine floor between levels 7 and 8, level LG and portion of basement level 1 with a total gross floor area and a total lettable area of approximately 88,919.18 sq. m. and 58,405 sq. m. respectively.</p> <p>The property is held under land use rights term expiring on 30 August 2044 for commercial use.</p>	<p>Portion of the property with a total lettable area of approximately 46,448 sq. m. has been leased under various tenancies with the last term expiring in September 2020, yielding a total monthly rental of approximately RMB10,062,333, inclusive of management fee.</p> <p>The remaining portion of the property is vacant.</p>	RMB3,090,000,000

Notes:

- Pursuant to the Real Estate Title Certificate No. 101 Fang Di Zheng 2015 Zi Di 24971 Hao (101房地證2015字第24971號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 11 December 2015, the title to the shopping mall of Metropolitan Oriental Plaza with a total gross floor area of 109,742.46 sq. m. and erected on a plot of land with a site area of 18,072.7 sq. m. is vested in Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) for a land use term expiring on 30 August 2044 for commercial use.
- In accordance with standard terms and conditions of the tenancy agreements, the landlord is responsible for the repair and maintenance of the central electrical system, escalator, elevator, other common equipment, common area and their respective ancillary facilities and the tenant is responsible for the repair and maintenance of internal equipment and facilities of the property.
- According to the information provided by the Company, the total monthly rental income of the property reported are contractual rentals without taking into account turnover rent and other incomes, if any. According to the information provided, the average monthly turnover rent is approximately RMB226,229 for the period between January 2015 and December 2015, the average monthly other income is approximately RMB743,940 for the period between January 2015 and December 2015 and the average monthly promotion income is approximately RMB51,367 for the period between January 2015 and December 2015.
- Our analysis of the existing tenancy profile according to the tenancy information provided by the Company is set out below:

**Occupancy Profile**

Type	Approximate Lettable Area (sq. m.)	% of total
Leased	46,448	79.5
Vacant	11,957	20.5
<b>Total:</b>	<b>58,405</b>	<b>100.0</b>

**Tenancy Commencement Profile (excluding the rental income from turnover rent)**

Year	Approximate Leased Lettable Area*		Gross Monthly Rental**		No. of Tenancies***	
	(sq. m.)	% of total	(RMB)	% of total		% of total
2010	25,743	55.4	4,368,470	43.4	3	3.6
2011	1,228	2.6	227,220	2.3	1	1.2
2012	2,342	5.1	686,150	6.8	6	7.2
2013	2,759	5.9	1,195,472	11.9	17	20.5
2014	9,242	19.9	2,611,363	25.9	20	24.1
2015	5,087	11.0	973,658	9.7	35	42.2
2016	47	0.1	—	0.0	1	1.2
<b>Total:</b>	<b>46,448</b>	<b>100.0</b>	<b>10,062,333</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>

**Tenancy Expiry Profile (excluding the rental income from turnover rent)**

Year	Approximate Leased Lettable Area*		Gross Monthly Rental**		No. of Tenancies***	
	(sq. m.)	% of total	(RMB)	% of total		% of total
2015	540	1.2	156,790	1.6	5	6.0
2016	12,096	26.0	2,815,539	28.0	39	47.0
2017	30,676	66.1	6,300,670	62.6	21	25.3
2018	1,683	3.6	624,494	6.2	14	16.9
2019	1,091	2.3	132,690	1.3	2	2.4
2020	362	0.8	32,150	0.3	2	2.4
<b>Total:</b>	<b>46,448</b>	<b>100.0</b>	<b>10,062,333</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>

**Tenancy Duration Profile (excluding the rental income from turnover rent)**

Year	Approximate Leased Lettable Area*		Gross Monthly Rental**		No. of Tenancies***	
	(sq. m.)	% of total	(RMB)	% of total	Tenancies***	% of total
Up to 1 Year	2,494	5.4	211,090	2.1	12	14.5
More than 1 Year and up to 2 Years	1,799	3.9	983,363	9.8	17	20.5
More than 2 Years and up to 3 Years	10,051	21.6	2,891,498	28.7	31	37.3
More than 3 Years and up to 4 Years	983	2.1	508,616	5.0	8	9.6
More than 4 Years and up to 5 Years	5,378	11.6	1,099,296	10.9	12	14.5
More than 5 Years and up to 6 Years	778	1.7	126,490	1.3	2	2.4
More than 6 Years and up to 7 Years	—	0.0	—	0.0	—	0.0
More than 7 Years and up to 8 Years	24,965	53.7	4,241,980	42.2	1	1.2
More than 8 Years and up to 9 Years	—	0.0	—	0.0	—	0.0
More than 9 Years and up to 10 Years	—	0.0	—	0.0	—	0.0
More than 10 Years	—	0.0	—	0.0	—	0.0
<b>Total:</b>	<b>46,448</b>	<b>100.0</b>	<b>10,062,333</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>

\* As at the date of valuation, the total leased lettable area of approximately 46,448 sq. m. includes an area of approximately 47 sq. m. for tenancies with lease term not yet commenced and an area of approximately 46,401 sq. m. for tenancies with lease terms already commenced.

\*\* As at the date of valuation, the total gross monthly rental only includes the gross monthly rental receivable from tenancies with lease terms already commenced and excluded the gross monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB21,260 per month.

\*\*\* As at the date of valuation, there are 83 tenancies, in which 82 tenancies are with lease terms already commenced and 1 tenancy is with lease term not yet commenced.

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

- (i) the property has a proper legal title;
- (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
2. The office portion of Metropolitan Oriental Plaza No. 68 Zourong Road Yuzhong District Chongqing The PRC	Metropolitan Oriental Plaza (the Development <sup>1)</sup> ) is a large-scale composite development erected on a parcel of land with a site area of approximately 18,072.70 sq. m.. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and whole basement level 2 of the Development. The retail and basement portion of the Development was completed in 1997 while the remaining portions of the Development were completed in 1998.	Portion of the property with a total gross floor area of approximately 46,735 sq. m. has been leased under various tenancies with the last term expiring in November 2020, yielding a total monthly rental of approximately RMB5,878,348, inclusive of management fee.	RMB960,000,000
	The property comprises the 37-level office tower of the Development with a total gross floor area and a total lettable gross floor area of approximately 54,617.37 sq. m. and 50,505 sq. m. respectively.	Portion of the property with a total gross floor area of approximately 1,662 sq. m. is occupied by the Company for office use.	
	The property is held under a land use rights term expiring on 30 August 2044 for commercial use.	The remaining portion of the property is vacant.	

## Notes:

1. Pursuant to the Real Estate Title Certificate No. 101 Fang Di Zheng 2015 Zi Di 24819 Hao (101房地證2015字第24819號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 11 December 2015, the title to the office building of Metropolitan Oriental Plaza with a total gross floor area of 54,617.37 sq. m. and erected on a plot of land with a site area of 18,072.7 sq. m. is vested in Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) for a land use term expiring on 30 August 2044 for commercial use.
2. In accordance with standard terms and conditions of the tenancy agreements, the landlord is responsible for the repair of main building structure and the central air-conditioning system and the tenant is responsible for the maintenance of internal decorations and various equipment of the property.
3. According to the information provided by the Company, the total monthly rental income of the property reported are contractual rentals without taking into account rent free period, if any.

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

**Occupancy Profile**

Type	Approximate Gross Floor Area (sq. m.)	% of total
Leased	46,735	92.5
Owner-occupied	1,662	3.3
Vacant	2,108	4.2
<b>Total:</b>	<b>50,505</b>	<b>100.0</b>

**Tenancy Commencement Profile (excluding the owner-occupied portion)**

Year	Approximate Leased Gross Floor Area* (sq. m.)	% of total	Gross Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2011	1,295	2.8	156,557	2.7	1	0.7
2012	211	0.5	26,060	0.4	1	0.7
2013	11,024	23.6	1,408,467	24.0	25	17.6
2014	15,487	33.1	1,999,437	34.0	53	37.3
2015	18,230	39.0	2,287,827	38.9	61	43.0
2016	488	1.0	—	0.0	1	0.7
<b>Total:</b>	<b>46,735</b>	<b>100.0</b>	<b>5,878,348</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>

**Tenancy Expiry Profile (excluding the owner-occupied portion)**

Year	Approximate Leased Gross Floor Area* (sq. m.)	% of total	Gross Monthly Rental** (RMB)	% of total	No. of Tenancies***	% of total
2015	635	1.4	84,559	1.4	3	2.1
2016	17,244	36.9	2,215,995	37.7	55	38.7
2017	19,354	41.4	2,468,702	42.0	49	34.5
2018	8,435	18.0	1,093,617	18.6	32	22.6
2019	579	1.3	15,475	0.3	2	1.4
2020	488	1.0	—	0.0	1	0.7
2021	—	0.0	—	0.0	—	0.0
2022	—	0.0	—	0.0	—	0.0
2023	—	0.0	—	0.0	—	0.0
<b>Total:</b>	<b>46,735</b>	<b>100.0</b>	<b>5,878,348</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>

**Tenancy Duration Profile (excluding the owner-occupied portion)**

Year	Approximate Leased Gross Floor Area*		Gross Monthly Rental**		No. of Tenancies***	
	(sq. m.)	% of total	(RMB)	% of total		% of total
Up to 1 Year	398	0.9	59,078	1.0	3	2.1
More than 1 Year and up to 2 Years	9,895	21.2	1,313,321	22.3	45	31.7
More than 2 Years and up to 3 Years	30,713	65.7	3,907,506	66.5	79	55.6
More than 3 Years and up to 4 Years	3,946	8.4	441,886	7.5	13	9.2
More than 4 Years and up to 5 Years	1,783	3.8	156,557	2.7	2	1.4
More than 5 Years and up to 6 Years	—	0.0	—	0.0	—	0.0
More than 6 Years and up to 7 Years	—	0.0	—	0.0	—	0.0
More than 7 Years and up to 8 Years	—	0.0	—	0.0	—	0.0
More than 8 Years and up to 9 Years	—	0.0	—	0.0	—	0.0
More than 9 Years and up to 10 Years	—	0.0	—	0.0	—	0.0
More than 10 Years	—	0.0	—	0.0	—	0.0
<b>Total:</b>	<b>46,735</b>	<b>100.0</b>	<b>5,878,348</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>

\* As at the date of valuation, the total leased lettable gross floor area of approximately 46,735 sq. m. includes an area of approximately 488 sq. m. for tenancies with lease term not yet commenced and an area of approximately 46,247 sq. m. for tenancies with lease terms already commenced.

\*\* As at the date of valuation, the total gross monthly rental only includes the gross monthly rental receivable from tenancies with lease terms already commenced and excluded the gross monthly rental receivable from tenancies with lease term not yet commenced, amounting to approximately RMB65,330 per month.

\*\*\* As at the date of valuation, there are 142 tenancies, in which 141 tenancies are with lease terms already commenced and 1 tenancy is with lease term not yet commenced.

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

- (i) the property has a proper legal title;
- (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
3. The basement portion of Metropolitan Oriental Plaza No. 68 Zourong Road Yuzhong District Chongqing The PRC	<p>Metropolitan Oriental Plaza (the Development") is a large-scale composite development erected on a parcel of land with a site area of approximately 18,072.70 sq. m.. It comprises three main portions, namely retail, office and basement portions. The office portion is erected upon the retail portion. The basement portion is located at portion of basement level 1 and whole basement level 2 of the Development. The retail and basement portion of the Development was completed in 1997 while the remaining portions of the Development were completed in 1998.</p> <p>The property comprises the car park portion on portion of basement level 1 and portion of basement level 2 of the Development with a total gross floor area of approximately 15,141.28 sq. m., providing a total of 390 car parking space.</p> <p>The property also comprises the plant and machinery area of portion of basement level 2 with a total gross floor area of approximately 5,682.00 sq. m..</p> <p>The property is held under a land use rights term expiring on 30 August 2044 for commercial use.</p>	<p>Portion of the property is let under various licenses on monthly and/or hourly basis yielding a total income of approximately RMB3,724,127 from January 2015 to December 2015, exclusive of management fee.</p> <p>The remaining portion of the property is currently vacant.</p>	RMB50,000,000

## Notes:

1. Pursuant to the Real Estate Title Certificate No. 101 Fang Di Zheng 2015 Zi Di 24971 Hao (101房地證2015字第24971號) issued by Chongqing Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) dated 11 December 2015, the title to the shopping mall of Metropolitan Oriental Plaza with a total gross floor area of 109,742.46 sq. m. and erected on a plot of land with a site area of 18,072.7 sq. m. is vested in Chongqing Metropolitan Oriental Plaza Co. Ltd. (重慶大都會東方廣場有限公司) for a land use term expiring on 30 August 2044 for commercial use.
2. We have prepared our valuation based on the following assumptions:
  - (i) the property has a proper legal title;
  - (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
  - (iv) the property can be freely disposed of to local or overseas purchasers.

## MARKET OVERVIEW

Chongqing is one of the four direct-controlled municipalities in China.

With its well-developed transportation infrastructure and excellent geographic location, Chongqing is also a major transportation hub in Southwestern China.

According to the Chongqing Municipal Bureau of Statistics, the population of Chongqing has reached approximately 33.8 million by the end of 2014, representing a y-o-y increase of 0.60%.

In economic terms, the Gross Domestic Product (GDP) of Chongqing has experienced steady growth over the past 20 years and has reached approximately RMB1,426 billion in 2014, representing a y-o-y increase of 10.9%.

Secondary and tertiary industries are the dominating industries of the city and accounted for more than 93% of the total GDP.

### Chongqing Retail Market

#### *Supply and Demand*

In the third quarter of 2015, two large-scale shopping malls are added into the Chongqing retail market stock, providing a total of approximately 100,000 sq. m. retail area. They are Guotai Plaza (國泰廣場) located in Jiefangbei area and Phase 1 of Jialing Tiandi (嘉陵天地) in Yuzhong District. On the other hand, various types of retailers are taking up retail area in Chongqing. For instance, a well-known sports equipment brand, Decathlon, is opening their second flagship store in Chongqing. It took up approximately 5,000 sq. m. retail area.

To catch up with the electronic commerce trend, a famous domestic electronic appliances retailer, Suning, corporates with Chongqing Commerce Bureau to promote e-commerce and enhance green logistics, the first Suning Easy-to-Buy Service Station (蘇寧易購服務站), with approximately 20,000 sq. m. operated in September. According to the agreement with Chongqing Commerce Bureau, there will be 100 service stations starts operation within a year.

#### *Market Trend*

For the high-end shopping malls, the vacancy rate witnessed a drop for about 0.3% q-o-q while the average rental recorded a steady increase of about 1.2% q-o-q.

In the coming future, it is anticipated that with the continuance of decentralization of Chongqing, more and more shopping malls will be located in the non-prime and suburb areas. In terms of the average rental in prime retail areas, it is expected that such rentals will remain at a stable level. However, as the upcoming newly-completed are mainly located in the suburb areas, for the big picture of the retail market in Chongqing, the average rental for the whole retail market in Chongqing will experience an upward pressure.

### Chongqing Office Market

#### *Supply and Demand*

In the third quarter of 2015, an approximate 175,000 sq. m. office area was added to the stock of the office market. The newly completed office developments include Tower 7 of Chongqing Enterprise Tiandi, Tower 2 of Wharf International Finance Center and No.1 Zhongyu Plaza. This make the total stock of office spaces reached its maximum record, which is more than 1 million sq. m.. Nevertheless, a net take-up of office space is still recorded in Q3 of 2015. This is mainly due to the absorption of the newly completed office development in Xinpaifang and the Jiangbeizui areas.

#### *Market Trend*

In the forthcoming future, as the vacant office space still maintains at a very high level, great pressure will be applied to the average office rental to fall. Nevertheless, while the demand from the finance enterprises remains steady, the demand from electronic commerce companies and logistics companies due to the Belt and Road strategy is surging. Hence, it is forecasted that the average rental will remain stable without any significant fluctuation.



The Directors  
Hui Xian Asset Management Limited  
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Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

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

7 March 2016

Dear Sirs

## **VALUATION OF SOFITEL SHENYANG LIDO AND STAFF QUARTERS LOCATED AT HEPING DISTRICT, SHENYANG, LIAONING PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA**

In accordance with your instructions for us to value the captioned property interests held by Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and exhibited to us by Hui Xian Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2015 for your accounting purpose.

### **BASIS OF VALUATION**

Our valuation is our opinion of the market value of each of the property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

## **VALUATION METHODOLOGY**

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

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

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

## **TITLE DOCUMENTS AND ENCUMBRANCES**

We have been provided with extracts of title documents relating to the property interests. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information given by the Company regarding the title and other legal matters relating to the properties.

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

## **SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion dates of the buildings, particulars of occupancy, site areas and floor areas. Dimensions, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

## **INSPECTION AND MEASUREMENT**

We have inspected the exterior, and where possible, the interior of the properties. However, no structural survey has been made. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. For the purpose of this valuation, we have assumed that the properties have been maintained in satisfactory condition.

We have not been able to carry out on-site measurements to verify the site area and floor area of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have also advised by the Company that no material facts have been omitted from the information supplied.

## CURRENCY

Unless otherwise stated, all sums of properties are in Renminbi.

## REMARKS

This report is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the client in respect of the purpose, but the client shall not disclose the report to any other person.

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

Pursuant to Section 6.5 in Chapter 6 of the REIT code, we confirm that we are independent of the Company, DB Trustees (Hong Kong) Limited and any of the significant holders of Hui Xian REIT.

Our executive summary and valuation report are attached.

Yours faithfully

For and on behalf of

**Knight Frank Petty Limited**

**Clement W M Leung**

*MFin MCIREA MHKIS MRICS RPS (GP)*

*Executive Director*

*Head of China Valuation*

## EXECUTIVE SUMMARY

Properties	<p>(1) Sofitel Shenyang Lido located at No.386 Qingnian Street, Heping District, Shenyang, Liaoning Province, The People's Republic of China (the "Hotel Portion")</p> <p>(2) The Staff Quarters of the hotel located at No.14-3 Wen An Road, Heping District, Shenyang, Liaoning Province, The People's Republic of China (the "Staff Quarter Portion")</p>
Description	Sofitel Shenyang Lido is a 28-storey hotel tower with 2 levels of basement accommodating guestrooms, retail units, office units, restaurants, business center, ballrooms, function rooms and a clubhouse. The Staff Quarters of the hotel is two 7-storey residential buildings.
Site Area	9,370 sq. m. for the Hotel Portion and 375.18 sq. m. for the Staff Quarter Portion
Registered Owner	Shenyang Lido Business Co. Ltd
Gross Floor Area	The approximate gross floor areas of the Hotel Portion and the Staff Quarter Portion are 78,746.41 sq. m. and 2,306.92 sq. m. respectively.
Usage	<b>The Hotel Portion:</b>

Level	Uses
Basement 2	Car park and temporary storage
Basement 1	Back of house
L1	Lobby, lounge, retail units and open car park
L2	Restaurants, coffee shop, ballrooms and function rooms
L3	Restaurant and function rooms
L4	Office units and business centre
L5	Fitness centre and swimming pool
L6-L7	Office units
L8 and above	Guest rooms

### The Staff Quarter Portion:

The Staff Quarter Portion is a residential building used as staff quarter.

State-owned Land  
Use Certificate

**The Hotel Portion:**

Shenyang Guo Yong (2007) Di No.0135 (瀋陽國用(2007)第0135號)  
Shenyang Guo Yong (2011) Di Nos. HP05041, HP05316 and HP05407 (瀋陽國用  
(2011)第HP05041號 · HP05316號及HP05407號)

**The Staff Quarter Portion:**

Shenyang Guo Yong (2011) Di No.HP05042 (瀋陽國用(2011)第HP05042號)  
Shenyang Guo Yong (2011) Di No.HP05043 (瀋陽國用(2011)第HP05043號)

Building Ownership  
Certificate

**The Hotel Portion:**

Shen Fang Quan Zheng Shi He Ping Zi Di Nos. 11154, 12749 and 12750 (瀋房權證  
市和平字第11154號 · 第12749號及第12750號)

**The Staff Quarter Portion:**

Shen Fang Quan Zheng She He Ping Zi Di Nos. 12747 and 12748 (瀋房權證市和平  
字第12747號及第12748號)

Date of Valuation

31 December 2015

Valuation Methodology

Discounted Cash Flow Approach and Direct Comparison Approach

Market Value in Existing State

Property	Market value	Interest	Market value in
	in existing state		existing state
	as at 31 December	attributable	attributable
	2015	to Hui Xian REIT	to Hui Xian REIT
			as at 31 December
			2015
Hotel Portion	RMB910,000,000	70.00%	RMB637,000,000
Staff Quarter Portion	No commercial value	70.00%	No commercial value

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
1. Sofitel Shenyang Lido No.386 Qingnian Street Heping District Shenyang Liaoning Province The People's Republic of China	<p>The Hotel Portion is erected on 4 parcels of adjoining land with a total site area of approximately 9,370 sq. m..</p> <p>The Hotel Portion comprises a 28-storey hotel tower with 2 levels of basement with a total gross floor area of approximately 78,746.41 sq. m., accommodating 590 guestrooms, retail units, office units, restaurants, business center, ballrooms, function rooms and a clubhouse namely "Lido Spa &amp; Club". The club house provides various facilities such as spa and sauna, fitness center and swimming pool etc. The Hotel Portion also comprises self-use car park on Basement Level 2 and various guest car parking spaces on the open area on Ground Level.</p> <p>The property is held under a land use rights terms expiring on 1 July 2042 and 9 April 2047 for composite and commercial uses respectively.</p>	The Hotel Portion is operating as a 5-star hotel under the brand name of Sofitel Shenyang Lido.	RMB910,000,000 (70.00% interest attributable to Hui Xian REIT: RMB637,000,000)

## Notes:

- Pursuant to Stated-owned Land Use Rights Certificate Shenyang Guo Yong (2007) Di No.0135 (國有土地使用證瀋陽國用(2007)第0135號) issued by the People's Government of Shenyang Municipality dated 20 April 2007. The land use rights of the Hotel Portion with a total site area of 2,966 sq. m. was vested in Shenyang Lido Business Co. Ltd for a land use term expiring on 9 April 2047 for commercial use.
- Pursuant to Stated-owned Land Use Rights Certificate Shenyang Guo Yong (2011) Di No.HP05407 (國有土地使用證瀋陽國用(2011)第HP05407號) issued by the People's Government of Shenyang Municipality dated 22 November 2011. The land use rights of the Hotel Portion with a total site area of 178.79 sq. m. was vested in Shenyang Lido Business Co. Ltd for a land use term expiring on 1 July 2042 for composite use.
- Pursuant to Stated-owned Land Use Rights Certificate Shenyang Guo Yong (2011) Di No.HP05316 (國有土地使用證瀋陽國用(2011)第HP05316號) issued by the People's Government of Shenyang Municipality dated 22 November 2011. The land use rights of the Hotel Portion with a total site area of 1,763.59 sq. m. was vested in Shenyang Lido Business Co. Ltd for a land use term expiring on 1 July 2042 for composite use.
- Pursuant to Stated-owned Land Use Rights Certificate Shenyang Guo Yong (2011) Di No.HP05041 (國有土地使用證瀋陽國用(2011)第HP05041號) issued by the People's Government of Shenyang Municipality dated 22 November 2011. The land use rights of the Hotel Portion with a total site area of 4,461.62 sq. m. was vested in Shenyang Lido Business Co. Ltd for a land use term expiring on 1 July 2042 for composite use.

5. Pursuant to Building Ownership Certificate Shen Fang Quan Zheng Shi He Ping Zi Di No. 11154 (瀋房權證市和平字第11154號) issued by the Real Estate Bureau of Shenyang, the building ownership of portion of the Hotel Portion with a gross floor area of approximately 21,685.92 sq. m. was vested in Shenyang Lido Business Co. Ltd.
6. Pursuant to Building Ownership Certificate Shen Fang Quan Zheng Shi He Ping Zi Di No. 12749 (瀋房權證市和平字第12749號) issued by the Real Estate Bureau of Shenyang, the building ownership of portion of the Hotel Portion with a gross floor area of approximately 2,198.42 sq. m. was vested in Shenyang Lido Business Co. Ltd.
7. Pursuant to Building Ownership Certificate Shen Fang Quan Zheng Shi He Ping Zi Di No. 12750 (瀋房權證市和平字第12750號) issued by the Real Estate Bureau of Shenyang, the building ownership of portion of the Hotel Portion with a gross floor area of approximately 54,862.07 sq. m. was vested in Shenyang Lido Business Co. Ltd.
8. We have prepared our valuation based on the following assumptions:
  - (i) the property has a proper legal title;
  - (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
  - (iv) the property can be freely disposed of to local or overseas purchasers.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
2. The Staff Quarters No. 14-3 Wen An Road Heping District Shenyang Liaoning Province The People's Republic of China	The Staff Quarter Portion comprises two 7-storey residential buildings, erected upon two parcels of land with a total site area approximately 375.18 sq. m., completed in 1999. The property has a total gross floor area of approximately 2,306.92 sq. m..  The land use rights of the Staff Quarter Portion were allocated for an unspecified term for residential use.	The Staff Quarter Portion is currently occupied by Shenyang Lido Business Co. Ltd as staff quarter.	No commercial value  (70.00% interest attributable to Hui Xian REIT:  No commercial value)

## Notes:

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

Certificate No.	No. of Units	Site Area (sq. m.)
Shenyang Guo Yong (2011) Di No. HP05042 (瀋陽國用(2011)第HP05042號)	28	292.79
Shenyang Guo Yong (2011) Di No. HP05043 (瀋陽國用(2011)第HP05043號)	7	82.39

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

Certificate No.	No. of Units	Gross Floor Area (sq. m.)
Shen Fang Quan Zheng She He Ping Zi Di No. 12747 (瀋房權證市和平字第12747號)	28	1,800.33
Shen Fang Quan Zheng She He Ping Zi Di No. 12748 (瀋房權證市和平字第12748號)	7	506.59

3. We have assigned no commercial value to the Staff Quarter Portion as the land use rights are allocation in nature and cannot be transferred freely in the market.

## MARKET OVERVIEW

Shenyang, the capital and largest city of Liaoning Province, located in the northeast part of China. It comprises a total land area of approximately 12,860 sq. km.. It is administered as a sub-provincial city with a population of approximately 8.29 million in 2014. Tourist industry in Shenyang has been developed in recent years. The famous historical spots, like Mukden Palace and Beiling Park, are located in Shenyang.

### Supply and Demand

The number of domestic tourists and the domestic tourism revenue in China in 2015 have reached the highest records, which are more than 4 billion tourists and about RMB4,000 billion respectively. The domestic travelers are becoming more significant than ever. Due to the continuous restricted policies on the extravagant expenditure of the civil servants and the anti-corruption campaign across the country, such increase is expected to offset the decrease of business travel. It is anticipated that the hotel industry across the country will focus more on the domestic travelers.

In terms of supply, in 2016, a new high-end international hotel located in Tiexi District, Hotel Pullman Shenyang Oriental Ginza, is expected to operate in mid-2016, providing a total of 317 hotel rooms. In view of the steady growth of 5-star hotel market in Shenyang, by 2020, there will be about 39 5-star hotels, which is almost twice of the existing number. Currently, approximate 40% of the 5-star hotels in Shenyang are in the world's top 10 international hotel brands, such as Sofitel, Shangri-La, Grand Hyatt etc.

### Market Trend

In the past few years, the Shenyang government launched various measures to promote the tourism in Shenyang, including implementing the 72-Hour Visa Waiver Program to attract more tourists and promoting tourism investment projects such as the development of Longemont Vacation Center (龍之夢旅遊度假中心) and the Yulongcheng Vacation Complex (豫龍城旅遊綜合體).

Thanks to the sluggish economy growth in China, the hotel market in Shenyang will remain in a competitive situation. However, as discussed before, the increase of domestic demand is becoming more significant in the hotel market. With the increase of domestic travelers with high consumption power, the average room rates for 5-star hotels are expected to remain stable. However, the continuous supply of 5-star hotels in Shenyang in the coming few years creates challenge for the existing 5-star hotels to maintain their occupancy and room rates. Lowering the room rates to maintain their occupancy may become one of the strategies in the near future.

# TRUSTEE'S REPORT

## **Hui Xian Asset Management Limited**

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

Unit 303, 3rd Floor

Cheung Kong Center

2 Queen's Road Central

Hong Kong

Dear Sir,

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

## **DB Trustees (Hong Kong) Limited**

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

Hong Kong, 8 March 2016



## **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))*

We have audited the consolidated financial statements of Hui Xian Real Estate Investment Trust (the "Hui Xian REIT") and its subsidiaries (collectively referred to as the "Group") set out on pages 107 to 168, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders and non-controlling interest, consolidated statement of cash flows and distribution statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **MANAGER'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Hui Xian Asset Management Limited ("the Manager" of the Hui Xian REIT) is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the relevant provisions of the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by three supplemental deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 (the "Trust Deed") and the relevant disclosure requirements set out in the Appendix C of the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission of Hong Kong, and for such internal control as the Manager determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

## INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the disposition of the assets and liabilities of the Group as at 31 December 2015, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

15 March 2016

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB million	2014 RMB million
Revenue	5	3,050	2,795
Rental related income	6	56	60
Other income	7	206	152
(Decrease) increase in fair value of investment properties	14	(636)	665
Fair value gain from top-up amount asset	25	97	—
Hotel inventories consumed		(47)	(49)
Staff costs		(110)	(101)
Depreciation and amortisation		(287)	(281)
Other operating expenses	8	(868)	(810)
Finance costs	9	(207)	(100)
Exchange loss		(515)	—
Manager's fees	10	(202)	(150)
Real estate investment trust expenses	11	(12)	(29)
Profit before taxation and transactions with unitholders		525	2,152
Income tax expense	12	(372)	(661)
Profit for the year, before transactions with unitholders		153	1,491
Distributions to unitholders		(1,449)	(1,350)
(Loss) profit and total comprehensive (expense) income for the year, after transactions with unitholders		(1,296)	141
Profit for the year, before transactions with unitholders attributable to:			
Non-controlling interest		(15)	(14)
Unitholders		168	1,505
		153	1,491
Basic earnings per unit (RMB)	13	0.0315	0.2878

# DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RMB million	2014 RMB million
Profit for the year, before transactions with unitholders	153	1,491
Non-controlling interest	15	14
Profit for the year attributable to unitholders, before transactions with unitholders	168	1,505
Adjustments ( <i>Note (i)</i> ):		
Manager's fees	163	119
Deferred tax	(135)	182
Distributable depreciation and amortisation	197	186
Decrease (increase) in fair value of investment properties	636	(665)
Fair value gain from top-up amount asset	(97)	—
	764	(178)
Distributable income	932	1,327
Additional items ( <i>Note (ii)</i> ):		
Depreciation and amortisation arising from fair value adjustment	19	19
Net unrealised exchange loss on bank loans and loan front-end fee	452	—
Top-up amount receivable	58	—
Other cash distributions	18	18
	547	37
Amounts available for distribution	1,479	1,364
Distributions to unitholders ( <i>Note (iv)</i> )		
— Interim distribution paid	730	663
— Final distribution payable	719	687
	1,449	1,350
Payout ratio ( <i>Note (iii)</i> )	98.0%	99.0%
Distribution per unit ( <i>RMB</i> ) ( <i>Note (iv)</i> )		
Interim distribution per unit	0.1363	0.1271
Final distribution per unit	0.1337	0.1296
	0.2700	0.2567

Notes:

(i) Adjustments for the year include:

- (a) For the year ended 31 December 2015, Manager's fees paid and payable in units of RMB163 million (29,280,999 units issued and 19,948,009 units estimated to be issued) out of the total Manager's fees of RMB202 million. The difference of RMB39 million are paid or payable in cash.

For the year ended 31 December 2014, Manager's fees paid and payable in units of RMB119 million out of the total Manager's fees of RMB150 million. The difference of RMB31 million are paid or payable in cash.

- (b) Deferred tax charge of RMB24 million (2014: RMB16 million) in relation to accelerated tax depreciation and deferred tax credit of RMB159 million (2014: deferred tax charge of RMB166 million) in relation to changes in fair value of investment properties.
- (c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB197 million (2014: RMB186 million) represented by depreciation and amortisation of RMB215 million (2014: RMB211 million) less capital expenditure of RMB18 million (2014: RMB25 million).
- (d) Decrease in fair value of investment properties of RMB636 million (2014: increase in fair value of RMB665 million).
- (e) Fair value gain from top-up amount asset of RMB97 million (2014: nil).

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial year.

(ii) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Additional items for the year include:

- (a) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd by the Group of RMB19 million (2014: RMB19 million).
- (b) Net unrealised exchange loss on bank loans and loan front-end fee of RMB452 million (2014: Nil).
- (c) Top-up amount receivable of RMB58 million (2014: nil).
- (d) Other cash distributions of RMB18 million (2014: RMB18 million).

(iii) In accordance with the Trust Deed, Hui Xian REIT is required to distribute to unitholders not less than 90% of its distributable income for each financial year.

Distributions to unitholders for the year ended 31 December 2015 represent a payout ratio of 98.0% (2014: 99.0%) of Hui Xian REIT's distributable income for the year.

(iv) The interim distribution per unit of RMB0.1363 for the six months ended 30 June 2015 is calculated based on 98.0% of Hui Xian REIT's (as defined in Note 1) amount available for distribution of RMB744,927,112 over 5,355,686,880 units, representing issued units as at 30 June 2015. The final distribution per unit of RMB0.1337 for the six months ended 31 December 2015 is calculated based on 98.0% of Hui Xian REIT's amount available for distribution for the year of RMB1,478,984,471, less distribution to unitholders for the six month ended 30 June 2015, over 5,378,973,852 units, representing issued units as at 31 December 2015.

The interim distribution per unit of RMB0.1271 for the six months ended 30 June 2014 is calculated based on Hui Xian REIT's amount available for distribution of RMB662,869,672 over 5,217,013,997 units, representing issued units as at 30 June 2014. The final distribution per unit of RMB0.1296 for the six months ended 31 December 2014 is calculated based on 99.0% of Hui Xian REIT's amount available for distribution for the year of RMB1,363,848,529, less distribution to unitholders for the six months ended 30 June 2014, over 5,297,591,509 units, representing issued units as at 31 December 2014.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTES	2015 RMB million	2014 RMB million
<b>Non-current assets</b>			
Investment properties	14	34,060	30,760
Property, plant and equipment	15	2,161	2,284
Land and related costs	16	4,022	4,150
Top-up amount asset	25	39	—
Total non-current assets		40,282	37,194
<b>Current assets</b>			
Hotel inventories	17	24	25
Land and related costs	16	128	128
Trade and other receivables	18	163	86
Bank balances and cash	19	6,107	4,795
Total current assets		6,422	5,034
<b>Total assets</b>		<b>46,704</b>	42,228
<b>Current liabilities</b>			
Trade and other payables	20	479	469
Tenants' deposits		249	261
Tax payable		104	144
Manager's fee payable		81	76
Distribution payable		719	687
Bank loans	21	1,443	1,104
Total current liabilities		3,075	2,741
<b>Total assets less current liabilities</b>	28	<b>43,629</b>	39,487

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTES	2015 RMB million	2014 RMB million
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Bank loans	21	7,992	2,763
Tenants' deposits		489	429
Deferred tax liabilities	22	7,335	7,460
Total non-current liabilities, excluding net assets attributable to unitholders		15,816	10,652
<b>Total liabilities, excluding net assets attributable to unitholders</b>			
		18,891	13,393
Non-controlling interest		256	271
<b>Net assets attributable to unitholders</b>			
		27,557	28,564
Units in issue ('000)	23	5,378,974	5,297,592
Net asset value per unit (RMB) attributable to unitholders	26	5.1231	5.3919

The consolidated financial statements on pages 107 to 168 were approved and authorised for issue by the Board of Directors of the Manager on 15 March 2016 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 INTEREST

FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued units RMB million	PRC statutory reserve RMB million	Retained profits RMB million	Total RMB million	Non- controlling interest RMB million
<b>Net assets as at 1 January 2014</b>	26,476	—	1,487	27,963	285
Units issued for settlement of Manager's fees ( <i>Note 23</i> )	120	—	—	120	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2013 final and 2014 interim distributions ( <i>Note 23</i> )	326	—	—	326	—
	26,922	—	1,487	28,409	285
Profit for the year, before transactions with unitholders	—	—	1,505	1,505	(14)
Distributions to unitholders					
— Interim distribution paid	—	—	(663)	(663)	—
— Final distribution payable	—	—	(687)	(687)	—
Total comprehensive income (expense) for the year	—	—	155	155	(14)
<b>Net assets as at 31 December 2014</b>	<b>26,922</b>	<b>—</b>	<b>1,642</b>	<b>28,564</b>	<b>271</b>
Units issued for settlement of Manager's acquisition fee ( <i>Note 1(c) and Note 23</i> )	39	—	—	39	—
Units issued for settlement of Manager's fees ( <i>Note 23</i> )	121	—	—	121	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2014 final and 2015 interim distributions ( <i>Note 23</i> )	114	—	—	114	—
	27,196	—	1,642	28,838	271
Profit for the year, before transactions with unitholders	—	—	168	168	(15)
Transfer to PRC statutory reserve	—	5	(5)	—	—
Distributions to unitholders					
— Interim distribution paid	—	—	(730)	(730)	—
— Final distribution payable	—	—	(719)	(719)	—
Total comprehensive income (expense) for the year	—	5	(1,286)	(1,281)	(15)
<b>Net assets as at 31 December 2015</b>	<b>27,196</b>	<b>5</b>	<b>356</b>	<b>27,557</b>	<b>256</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB million	2014 RMB million
<b>Operating activities</b>			
Profit before taxation and transactions with unitholders		525	2,152
Adjustments for:			
Loss on disposal of property, plant and equipment		1	4
Depreciation of property, plant and equipment		159	153
Amortisation of land and related costs		128	128
Decrease (increase) in fair value of investment properties		636	(665)
Fair value gain from top-up amount asset		(97)	—
Interest income		(199)	(150)
Exchange loss		515	—
Finance costs		207	100
Manager's fees settled by issuing units	23	160	120
Operating cash flows before movements in working capital		2,035	1,842
Decrease (increase) in hotel inventories		1	(1)
Increase in trade and other receivables		(18)	(17)
(Decrease) increase in trade and other payables		(23)	4
(Decrease) increase in tenants' deposits		(13)	46
Increase in Manager's fee payable		5	3
Cash generated from operations		1,987	1,877
Income and withholding tax paid		(541)	(493)
<b>Net cash from operating activities</b>		<b>1,446</b>	<b>1,384</b>
<b>Investing activities</b>			
Acquisition of subsidiaries, net of bank balances and cash acquired	24	(3,835)	—
Placement of deposits in banks		(20)	(320)
Purchase of property, plant and equipment		(35)	(24)
Additions to investment properties		(24)	(15)
Withdrawal of deposits in banks		320	473
Interest received		206	141
<b>Net cash (used in) from investing activities</b>		<b>(3,388)</b>	<b>255</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>NOTES</i>	<b>2015</b> RMB million	2014 RMB million
<b>Financing activities</b>			
Net proceeds from new bank loans raised		<b>5,867</b>	636
Loans from a unitholder		<b>1,180</b>	530
Repayment of bank loan		<b>(845)</b>	—
Repayment of loans from a unitholder		<b>(1,180)</b>	(530)
Distributions payment to unitholders		<b>(1,303)</b>	(983)
Interest paid		<b>(165)</b>	(84)
<b>Net cash from (used in) financing activities</b>		<b>3,554</b>	(431)
<b>Net increase in cash and cash equivalents</b>		<b>1,612</b>	1,208
<b>Cash and cash equivalents at the beginning of the year</b>		<b>4,475</b>	3,267
<b>Cash and cash equivalents at the end of the year, represented by bank balances and cash</b>	<i>19</i>	<b>6,087</b>	4,475

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 1. GENERAL

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing) and its units were listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by three supplemental deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 (the “Trust Deed”) made between Hui Xian Asset Management Limited (the “Manager”) and DB Trustees (Hong Kong) Limited (the “Trustee”), and the Code on Real Estate Investment Trusts (the “REIT Code”) issued by the Securities and Futures Commission (the “SFC”).

The principal activity of Hui Xian REIT and its subsidiaries (the “Group”) is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of Hui Xian REIT.

The Group has entered into various service agreements in relation to the management of Hui Xian REIT and its property operations. The fee structures of these services are as follows:

### (a) Property Manager’s fee

Under the operations management agreement entered by Beijing Oriental Plaza Company Limited and Beijing Hui Xian Enterprise Services Limited (the “Beijing Property Manager”) on 29 April 2011, (the “Operations Management Agreement”), the Beijing Property Manager will receive a property manager’s fee of 1% per annum of net property income (“NPI”) (before deduction therefrom of the Variable Fee (as defined in Note 1(c)) and the property manager’s fee) 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.

NPI means the amount equivalent to the gross revenue less property operating expenses.

Under the Chongqing property manager agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd (“Chongqing Company”) and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited (“Chongqing Property Manager”) on 2 March 2015, the Chongqing Property Manager will be fully reimbursed by Chongqing Company for (i) employment costs and remuneration of the personnel provided or procured by the Chongqing Property Manager engaged solely and exclusively for the provision of its services relating to Metropolitan Plaza and Metropolitan Tower (collectively referred to as “Metropolitan Oriental Plaza”); and (ii) management expenses incurred by the Chongqing Property Manager on Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third party service providers by the Chongqing Property Manager (as agent for the Chongqing Company) at the request of the Chongqing Company for the provision of cleaning, maintenance, security, car park management and other services for Metropolitan Oriental Plaza.

## 1. GENERAL (continued)

### (b) Trustee's fee

The Trustee is entitled to receive a one-off inception fee of not more than RMB100,000 and, in each financial year, an annual fee of such amount as is agreed between the Manager and the Trustee from time to time of not more than 0.02% of the fair values of the real estate properties (the "Property Values") as at the end of such financial year (which may be increased without obtaining unitholders' approval to a maximum of 0.06% per annum of the Property Values by giving at least one month's prior written notice to the Manager and the unitholders), subject to a minimum amount of RMB56,000 per month.

### (c) Manager's fees

Under the Trust Deed, the Manager is entitled to receive the following remuneration for the provision of asset management services:

#### **Base Fee**

Under the Trust Deed, the Manager will receive a base fee from Hui Xian REIT at 0.3% per annum of the Property Values as at the end of such financial year.

For the period from the date of listing until 31 December 2011, the base fee, only to the extent that it is referable to Beijing Oriental Plaza, shall be paid to the Manager as to 80% in the form of units and as to 20% in the form of cash. Thereafter, the Manager may elect whether the base fee is to be paid in cash or in units.

On 9 January 2015, the Manager has elected to receive 75% (2014: 80%) base fee in units and 25% (2014: 20%) in cash in respect of the financial year ended 31 December 2015.

#### **Variable Fee**

Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the 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) provided however that in respect of Beijing Oriental Plaza, and if the Manager so elects, any other real estate(s) of the trust subsequently acquired and for so long as the property manager is a wholly-owned subsidiary of the Manager and with effect from the date on which the property manager is appointed or the date of such election by the Manager, whichever is later, such 3% rate shall be split into 2 portions comprising a variable fee payable to the Manager which is equal to 2% per annum, and a property manager's fee payable to the property manager which is equal to 1% per annum, of the NPI of the relevant real estate (before deduction therefrom of the variable fee and such property manager fee).

## 1. GENERAL (continued)

### (c) Manager's fees (continued)

#### **Variable Fee** (continued)

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 9 January 2015, the Manager has elected to receive 75% (2014: 80%) variable fee in units and 25% (2014: 20%) in cash in respect of the financial year ended 31 December 2015.

#### **Acquisition Fee**

Under the Trust Deed, the Manager will receive an acquisition fee ("Acquisition Fee") from Hui Xian REIT at not exceeding 1% of the acquisition price of any real estate in the form of land acquired directly or indirectly by Hui Xian REIT (pro-rated if applicable to the proportion of Hui Xian REIT's interest in the real estate acquired). The Acquisition Fee will be paid to the Manager in the form of cash or, at the election of the Manager, entirely in the form of units or partly in cash and partly in the form of units.

The Manager has elected to receive the acquisition fee in units in respect of the acquisition of Metropolitan Oriental Plaza for the year ended 31 December 2015.

No Acquisition Fee is received by the Manager for the year ended 31 December 2014.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include the applicable disclosures requirements set out in Appendix C of the REIT Code issued by the SFC and the Rules Governing the Listing of Securities on the HKSE.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and top-up amount asset that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on fair value of the consideration given in exchange for goods.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

### (b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Hui Xian REIT and entities controlled by Hui Xian REIT (its subsidiaries). Control is achieved where Hui Xian REIT:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Hui Xian REIT reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Basis of consolidation (continued)

Consolidation of a subsidiary begins when Hui Xian REIT obtains control over the subsidiary and ceases when Hui Xian REIT loses control of the subsidiary.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date Hui Xian REIT gains control until the date when Hui Xian REIT ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the unitholders of Hui Xian REIT and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the unitholders of Hui Xian REIT and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### (c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (other than deferred tax assets and liabilities). If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Business combinations (continued)

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Rental income from operating lease is recognised in the profit or loss on a straight-line basis over the terms of the relevant leases.

Contingent rentals, which include gross turnover rental, are recognised as revenue when it becomes receivable.

Service income is recognised when services are provided.

Revenue from room rental, food and beverage sales and other ancillary services relating to the operation of hotel and serviced suites are recognised when the relevant services have been rendered.

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### (e) Investment properties

Investment properties are properties held to earn rentals and capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Property, plant and equipment

Hotel and serviced suite properties, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment loss where appropriate.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### (g) Hotel inventories

Hotel inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated and costs necessary to make the sale.

### (h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### **Financial assets**

Financial assets categorised as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables which include trade and other receivables and bank balances and cash are carried at amortised cost using the effective interest method, less any identified impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recognised on an effective interest basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

#### **Financial assets** (continued)

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in economic conditions that correlate with default on receivables.

The carrying amount of the trade receivables is reduced by the impairment loss through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

#### **Financial liabilities and equity instruments**

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

In accordance with the Trust Deed, Hui Xian REIT has a limited life of 80 years less 1 day from the date of commencement of Hui Xian REIT. The units contain a contractual obligation to its unitholders, upon the termination of Hui Xian REIT to distribute a share of all net cash proceeds derived from the sale or realisation of the assets of Hui Xian REIT less any liabilities, in accordance with their proportionate interests in Hui Xian REIT at the date of its termination.

In accordance with the Trust Deed, Hui Xian REIT's distribution policy provides the unitholders with a right to receive distribution which Hui Xian REIT has a contractual obligation to distribute to unitholders at 100% of Hui Xian REIT's Annual Distributable Income (defined in the Trust Deed) for the period from 29 April 2011 (date of listing) to 31 December 2011 and the financial year ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's Annual Distributable Income for each financial year.

Accordingly, the issued units are compound instruments in accordance with HKAS 32 "Financial Instruments: Presentation". The Manager considers the equity component of the issued units to be insignificant.

Unit issue costs are the transactions costs relating to issue of units in Hui Xian REIT which are accounted for as a deduction from the proceeds raised to the extent they are incremental costs directly attributable to the transactions that otherwise would have been avoided. Other transaction costs are recognised as an expense.

Financial liabilities which include trade and other payables, manager's fee payable, distribution payable and bank loans are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

#### **Financial liabilities and equity instruments** (continued)

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

##### **Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Impairment losses on tangible assets

At the end of the reporting period, the Manager reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

### (j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### ***The Group as lessor***

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant leases.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Land and related costs

Leasehold interests in land (i.e. land use rights) are classified as finance lease if substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The leasehold land is classified as property, plant and equipment when the land is qualified as finance lease. Other leasehold interests in land are accounted for as operating lease and amortised over the lease term on a straight-line basis.

### (l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (m) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

### (n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the 'profit before taxation' as reported in the consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Taxation (continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where it is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are charged or credited to profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

### (p) Potential impact arising from recently issued accounting standards

The accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except as described below.

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts and disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKFRS 28	Investment Entities: Applying the Consolidation Exception <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012—2014 Cycle <sup>3</sup>

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Potential impact arising from recently issued accounting standards (continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2016
- <sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Manager anticipates that the application of the above new and revised HKFRS will have no material impact on the results and the financial position of the Group.

## 3. 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 estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Investment Properties

As described in Notes 2(e) and 14, as at 31 December 2015, investment properties of RMB34,060 million (2014: RMB30,760 million) are stated at fair value based on the valuation performed by an independent professional valuer. The valuation of properties was principally arrived by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the property. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining term of the land use rights of the property. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties. The key drivers underlying estimation of fair value of investment properties are market rents and capitalisation rates.

In relying on the valuation reports of the independent professional valuer, the Manager has exercised its judgment and is satisfied the key drivers underlying estimation of fair value of investment properties by comparing to actual market yield data, actual transactions of the similar properties in the same location and condition and those reported by the market. Any changes in the market conditions will affect the fair value of the investment properties of the Group.

### 3. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Investment Properties (continued)

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value, the Manager has reviewed the Group's investment property portfolios which are all located in PRC and rented out under operating leases and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use rather than through sale. Any change to the business model will lead to a change in the measurement basis of the deferred tax liabilities of the investment properties.

### 4. SEGMENT REPORTING

Hui Xian REIT determines its operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (i.e. the Manager) for the purpose of allocating resources to segments and assessing their performance.

The following are identified operating and reportable segments:

The Malls:	Renting of the shopping mall and car parking spaces in Oriental Plaza, Beijing, the PRC.
The Tower Offices:	Renting of office buildings in Oriental Plaza, Beijing, the PRC.
The Tower Apartments:	Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC.
The Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, and Sofitel Shenyang Lido, Shenyang, the PRC.
The Chongqing Property:	Renting of the shopping mall, car parking spaces and office in Metropolitan Oriental Plaza in Chongqing, the PRC.

#### 4. SEGMENT REPORTING (continued)

##### (a) Segment revenue and results

###### *For the year ended 31 December 2015*

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Consolidated RMB million
Segment revenue	1,148	1,076	136	501	189	3,050
Segment profit	933	821	67	122	93	2,036
Decrease in fair value of investment properties						(636)
Finance costs						(207)
Depreciation and amortisation						(277)
Increase in fair value of top-up amount asset						97
Unallocated income						200
Unallocated expense						(688)
Profit before taxation and transactions with unitholders						525

###### *For the year ended 31 December 2014*

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Consolidated RMB million
Segment revenue	1,117	1,026	131	521	—	2,795
Segment profit	910	770	62	110	—	1,852
Increase in fair value of investment properties						665
Finance costs						(100)
Depreciation and amortisation						(271)
Unallocated income						151
Unallocated expense						(145)
Profit before taxation and transactions with unitholders						2,152

**4. SEGMENT REPORTING** (continued)**(a) Segment revenue and results** (continued)

The accounting policies of the operating segments are the same as the accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties and top-up amount asset, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, and other income that are not directly related to each segmental activities and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

**(b) Segment assets**

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

	<b>2015</b> RMB million	2014 RMB million
The Malls	<b>15,062</b>	15,905
The Tower Offices	<b>14,955</b>	14,906
The Tower Apartments	<b>2,004</b>	2,071
The Hotels	<b>4,501</b>	4,697
The Chongqing Property	<b>4,315</b>	—
Total segment assets	<b>40,837</b>	37,579
Bank balances and cash	<b>5,718</b>	4,603
Other assets	<b>149</b>	46
Consolidated total assets	<b>46,704</b>	42,228

For the purposes of monitoring segment performances and resources allocation, all investment properties, land and related costs, hotel inventories, certain bank balances and cash, certain property, plant and equipment (mainly buildings), trade and certain other receivables are allocated to operating segments. Other corporate assets (including remaining bank balances and cash, certain equipment and certain other receivables) are unallocated.

**(c) Geographical information**

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in Beijing, Chongqing and Shenyang, the PRC.

The Group did not have any major customers as no single customer contributed more than 10% of the Group's revenue during the year.

#### 4. SEGMENT REPORTING (continued)

##### (d) Other segment information

###### *For the year ended 31 December 2015*

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Segment Total RMB million
Depreciation of property, plant and equipment	1	1	1	6	1	10

###### *For the year ended 31 December 2014*

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Segment Total RMB million
Depreciation of property, plant and equipment	1	1	1	7	—	10

#### 5. REVENUE

	2015 RMB million	2014 RMB million
Gross rental from investment properties	2,413	2,143
Income from hotel operation	501	521
Income from serviced apartments operation	136	131
Total	3,050	2,795

The gross rental from investment properties includes contingent rents of RMB13 million (2014: RMB13 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB622 million (2014: RMB523 million).

## 6. RENTAL RELATED INCOME

	2015 RMB million	2014 RMB million
Service income	40	44
Early termination compensation	9	10
Others	7	6
<b>Total</b>	<b>56</b>	<b>60</b>

## 7. OTHER INCOME

	2015 RMB million	2014 RMB million
Interest income from banks	199	150
Government subsidies	5	2
Others	2	—
<b>Total</b>	<b>206</b>	<b>152</b>

## 8. OTHER OPERATING EXPENSES

	2015 RMB million	2014 RMB million
Advertising and promotion	34	17
Audit fee	1	1
Business tax	174	160
Insurance	6	6
Lease agency fee	25	25
Property manager's fee (Note 1(a))	47	38
Property management fees	72	38
Repairs and maintenance	117	129
Other miscellaneous expenses (Note)	154	171
Stamp duty	4	3
Urban land use tax	3	3
Urban real estate tax	122	112
Utilities	109	107
<b>Total</b>	<b>868</b>	<b>810</b>

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

## 9. FINANCE COSTS

	2015 RMB million	2014 RMB million
Interest expense on unsecured bank loans wholly repayable within five years	201	98
Interest expense on loans from a unitholder	6	2
	<b>207</b>	100

## 10. MANAGER'S FEES

	2015 RMB million	2014 RMB million
Base fee (Note 1(c))	120	112
Variable fee (Note 1(c))	43	38
Acquisition fee (Note 1(c))	39	—
	<b>202</b>	150

## 11. REAL ESTATE INVESTMENT TRUST EXPENSES

	2015 RMB million	2014 RMB million
Trustee's fee (Note 1(b))	4	4
Legal and professional fees	4	20
Public relations-related expenses	1	2
Trust administrative expenses and others	3	3
	<b>12</b>	29

## 12. INCOME TAX EXPENSE

	2015 RMB million	2014 RMB million
The income tax expense comprises:		
Current tax		
– PRC Enterprise Income Tax	440	421
– Withholding tax	61	152
Deferred taxation ( <i>Note 22</i> )	(129)	88
	<b>372</b>	661

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.

The Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to non-PRC tax residents for profits generated after 1 January 2008. The applicable withholding tax rate is 5%. At the end of the reporting period, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2015 RMB million	2014 RMB million
Profit before taxation	525	2,152
Tax at the applicable income tax rate of 25%	131	538
Tax effect of income not taxable for tax purpose	(56)	(13)
Tax effect of expenses not deductible for tax purpose	234	75
Deferred tax on earnings of the Group's PRC subsidiaries	63	61
Tax charge for the year	<b>372</b>	661

### 13. EARNINGS PER UNIT

The earnings per unit for the year ended 31 December 2015 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB168 million by 5,352,461,833 units, being the weighted average number of units in issue during the year of 5,347,406,516 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2015 to 31 December 2015 of 5,055,317 units.

The earnings per unit for the year ended 31 December 2014 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB1,505 million by 5,229,589,957 units, being the weighted average number of units in issue during the year of 5,225,231,489 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2014 to 31 December 2014 of 4,358,468 units.

### 14. INVESTMENT PROPERTIES

	2015 RMB million	2014 RMB million
FAIR VALUE		
At the beginning of the year	30,760	30,080
Additions	24	15
Additions through acquisition of subsidiaries	3,912	—
(Decrease) increase in fair value recognised in profit or loss	(636)	665
At the end of the year	34,060	30,760

- (a) The Group's investment properties held under operating leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 31 December 2015 and 31 December 2014 by Knight Frank Petty Limited, independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuation of properties has been principally arrived at by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the properties. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining terms of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

**14. INVESTMENT PROPERTIES** (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value (Note)
Property 1 – office buildings in Oriental Plaza, Beijing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the office buildings, of 6.00% (2014: 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% (2014: 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 RMB278/sq.m./month (2014: RMB266/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 RMB316/sq.m./month (2014: RMB308/sq.m./month).	The higher the reversionary rental, the higher the fair value.

**14. INVESTMENT PROPERTIES** (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

<b>Investment properties held by the Group in the consolidated statement of financial position</b>	<b>Fair value hierarchy</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship of unobservable inputs to fair value (Note)</b>
Property 2 – shopping mall in Oriental Plaza, Beijing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the shopping mall, of 6.00% (2014: 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% (2014: 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 of RMB1,234/sq.m./month (2014: RMB1,154/sq.m./month).	The higher the monthly term rental, the higher the fair value.
		(4) Reversionary rental	Reversionary rental is derived from the average of the rental as stated in the new rental agreements RMB1,256/sq.m./month (2014: RMB1,128/sq.m./month).	The higher the reversionary rental, the higher the fair value.

#### 14. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value (Note)
Property 3 – car parking spaces in Oriental Plaza, Beijing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Gross yield	Gross yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties, of 7.00% (2014: 7.00%).	The higher the gross yield, the lower the fair value.
		(2) Monthly average rental	Monthly average rental is derived from the average of the rental as stated in the existing rental agreements of RMB1,467/space/month (2014: RMB1,562/space/month).	The higher the monthly average rental, the higher the fair value.

**14. INVESTMENT PROPERTIES** (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

<b>Investment properties held by the Group in the consolidated statement of financial position</b>	<b>Fair value hierarchy</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship of unobservable inputs to fair value (Note)</b>
Property 4 – office in Metropolitan Oriental Plaza, Chongqing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the office, of 6.25%.	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%.	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 RMB127/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 RMB131/sq.m./month.	The higher the reversionary rental, the higher the fair value.

#### 14. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value (Note)
Property 5 – shopping mall in Metropolitan Oriental Plaza, Chongqing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the shopping mall, of 6.25%.	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%.	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 of RMB218/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 RMB274/sq.m./month.	The higher the reversionary rental, the higher the fair value.

**14. INVESTMENT PROPERTIES** (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

<b>Investment properties held by the Group in the consolidated statement of financial position</b>	<b>Fair value hierarchy</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship of unobservable inputs to fair value (Note)</b>
Property 6 – car parking spaces in Metropolitan Oriental Plaza, Chongqing	Level 3	Income capitalisation method		
		The key inputs are		
		(1) Gross yield	Gross yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties, of 7.50%.	The higher the gross yield, the lower the fair value.
		(2) Monthly average rental	Monthly average rental is derived from the average of the rental as stated in the existing rental agreements of RMB796/space/month.	The higher the monthly average rental, the higher the fair value.

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

The fair values of all investment properties at 31 December 2015 and 31 December 2014 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy.

There were no transfers into or out of level 3 during the year.

**Fair value measurements and valuation processes**

In estimating the fair value of the Group's investment properties, the Group used market observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Manager works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Manager.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed above.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Plant and machinery	Others	Total
	Hotels	Serviced apartments			
	RMB million	RMB million	RMB million	RMB million	RMB million
<b>COST</b>					
At 1 January 2014	2,076	578	153	98	2,905
Additions for the year	19	1	—	4	24
Disposals for the year	—	—	—	(43)	(43)
At 31 December 2014	<b>2,095</b>	<b>579</b>	<b>153</b>	<b>59</b>	<b>2,886</b>
Additions through acquisition of subsidiaries	—	—	—	2	2
Additions for the year	20	—	—	15	35
Disposals for the year	—	—	(1)	(6)	(7)
At 31 December 2015	<b>2,115</b>	<b>579</b>	<b>152</b>	<b>70</b>	<b>2,916</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>					
At 1 January 2014	373	48	37	30	488
Provided for the year	106	19	13	15	153
Eliminated on disposals	—	—	—	(39)	(39)
At 31 December 2014	<b>479</b>	<b>67</b>	<b>50</b>	<b>6</b>	<b>602</b>
Provided for the year	113	19	14	13	159
Eliminated on disposals	—	—	(1)	(5)	(6)
At 31 December 2015	<b>592</b>	<b>86</b>	<b>63</b>	<b>14</b>	<b>755</b>
<b>CARRYING AMOUNTS</b>					
At 31 December 2015	<b>1,523</b>	<b>493</b>	<b>89</b>	<b>56</b>	<b>2,161</b>
At 31 December 2014	1,616	512	103	53	2,284

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method on the following basis:

Hotels and serviced apartments	3.1%–18% per annum
Plant and machinery	5%–19% per annum
Others (comprising of furniture and fixtures and computer equipment)	18%–90% per annum

Hotels and serviced apartments, which are situated in Beijing and Shenyang, the PRC are held under medium-term leases.

The hotels were revalued by Knight Frank Petty Limited, independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The Manager determined that no impairment was made to the hotel property.

## 16. LAND AND RELATED COSTS

The carrying amount of prepaid lease payments and other related costs for land use rights held in the PRC under medium-term leases is analysed as follows:

	2015 RMB million	2014 RMB million
Non-current asset	4,022	4,150
Current asset	128	128
	<b>4,150</b>	<b>4,278</b>

## 17. HOTEL INVENTORIES

	2015 RMB million	2014 RMB million
Food and beverage	6	6
Other consumables	18	19
	<b>24</b>	<b>25</b>

## 18. TRADE AND OTHER RECEIVABLES

	2015 RMB million	2014 RMB million
Trade receivables	60	48
Deposits and prepayments	18	14
Advance to suppliers	10	2
Interest receivables	10	17
Top-up amount receivable (Note 25)	58	—
Other receivables	7	5
	<b>163</b>	<b>86</b>

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

	2015 RMB million	2014 RMB million
Less than or equal to 1 month	49	45
1–3 months	7	2
Over 3 months	4	1
	<b>60</b>	<b>48</b>

There is no credit period given on billing for rental properties, including the malls, tower offices, tower apartments and hotels, except that a maximum credit period of 30 days (2014: 30 days) is granted to the travel agencies and corporate customers of the hotels. Interest is charged immediately on overdue balance at the rates of 0.05% to 0.3% (2014: 0.05% to 0.1%) per day.

Hotel revenue is normally settled by cash or credit card.

Included in the Group's trade receivable balances are debtors with a carrying amount of RMB18 million as at 31 December 2015 (2014: RMB6 million) which were past due at the end of the reporting period on which the Group did not provide for doubtful debts as there were no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these past due receivables is 47 days at 31 December 2015 (2014: 48 days).

Trade and other receivables are denominated in RMB.

## 19. BANK BALANCES AND CASH

	2015 RMB million	2014 RMB million
Cash at bank and in hand	1,416	2,178
Time deposits (with original maturity of three months or less)	4,671	2,297
Cash and cash equivalents	6,087	4,475
Time deposits (with original maturity of more than three months)	20	320
<b>Total</b>	<b>6,107</b>	<b>4,795</b>
Average interest rate per annum is as follows:		
Bank deposits — Time deposits	1.54% to 5.45%	1.49% to 4.70%

Bank balances and cash are denominated in the following currencies:

	2015 RMB million	2014 RMB million
RMB	6,053	4,792
Hong Kong Dollars (“HK\$”)	51	1
United States Dollars (“US\$”)	3	2
	<b>6,107</b>	<b>4,795</b>

## 20. TRADE AND OTHER PAYABLES

	2015 RMB million	2014 RMB million
Trade payables	70	67
Rental received in advance	222	206
Others (Note)	187	196
	<b>479</b>	469

Note: Others comprise mainly accrued salaries, accrued staff welfare and certain operating expense payables.

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

	2015 RMB million	2014 RMB million
Less than or equal to 3 months	59	43
Over 3 months	11	24
	<b>70</b>	67

Trade and other payables are denominated in the following currencies:

	2015 RMB million	2014 RMB million
HK\$	40	34
RMB	439	435
	<b>479</b>	469

**21. BANK LOANS**

	<b>2015</b>	2014
	<b>RMB million</b>	RMB million
Unsecured term loans	<b>9,530</b>	3,885
Loan front-end fee	<b>(95)</b>	(18)
	<b>9,435</b>	3,867

The maturities of the above bank loans are as follows:

	<b>2015</b>	2014
	<b>RMB million</b>	RMB million
Within one year	<b>1,443</b>	1,104
More than one year but not exceeding two years	<b>834</b>	2,137
More than two years but not exceeding five years	<b>7,158</b>	626
	<b>9,435</b>	3,867
Less: Amounts shown under current liabilities	<b>(1,443)</b>	(1,104)
Amounts due after one year	<b>7,992</b>	2,763

In relation to the credit facility of HK\$200 million (equivalent to RMB168 million) granted to the Group on 19 December 2013 (as amended by supplemental letters dated 9 December 2014 and 31 December 2015) to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$200 million (equivalent to RMB168 million) (2014: HK\$200 million (equivalent to RMB157 million)). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.40% and is repayable in full in December 2017.

In relation to the credit facility of HK\$5,000 million (equivalent to RMB4,189 million) granted to the Group on 12 December 2014 to finance the general corporate funding needs of the Group, including funding the repayment of any amounts outstanding under existing loan facilities and financing acquisition of Hui Xian REIT, the total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$5,000 million (equivalent to RMB4,189 million). It bears interest at floating interest rate of HIBOR plus 1.55% and is repayable in full in March 2018.

In relation to the credit facility of HK\$1,200 million (equivalent to RMB1,005 million) granted to the Group on 24 December 2014 to refinance the credit facility granted by the same lenders in December 2011, the total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$1,200 million (equivalent to RMB1,005 million) (2014: HK\$1,200 million (equivalent to RMB947 million)). It bears interest at floating interest rate of HIBOR plus 1.80% and is repayable in full in January 2018.

In relation to the credit facility of HK\$600 million (equivalent to RMB503 million) granted to the Group on 18 June 2015 to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$600 million (equivalent to RMB503 million). It bears interest at floating interest rate of HIBOR plus 1.95% and is repayable in full in June 2020.

**21. BANK LOANS** (continued)

In relation to the credit facility of HK\$1,000 million (equivalent to RMB838 million) granted to the Group on 27 August 2015 to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$1,000 million (equivalent to RMB838 million). It bears interest at floating interest rate of HIBOR plus 1.15% and is repayable in full in August 2018.

In relation to the credit facility of HK\$850 million (equivalent to RMB712 million) granted to the Group on 19 October 2015 to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$850 million (equivalent to RMB712 million). It bears interest at floating interest rate of HIBOR plus 1.35% and is repayable in full in October 2020.

In relation to the credit facility of HK\$1,525 million (equivalent to RMB1,278 million) drawn down by the Group on 8 November 2013, the Group partially prepaid HK\$1,000 million (equivalent to RMB838 million) of the credit facility in December 2015. The total amount of the credit facility utilised by the Group as at 31 December 2015 was HK\$525 million (equivalent to RMB440 million).

Bank loans are guaranteed by the Trustee (in its capacity as Trustee of Hui Xian REIT) and certain subsidiaries of the Group. The weighted average effective interest rate on the bank loan is 1.9% (2014: 2.2%) per annum.

**22. DEFERRED TAX LIABILITIES**

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

	Others RMB million (Note)	Fair value of investment properties RMB million	Withholding tax on retained profits to be distributed RMB million	Total RMB million
At 1 January 2014	2,166	5,052	154	7,372
Charge to profit or loss (Note 12)	13	166	61	240
Release upon distribution of earnings	—	—	(152)	(152)
<b>At 31 December 2014</b>	<b>2,179</b>	<b>5,218</b>	<b>63</b>	<b>7,460</b>
Charge (credit) to profit or loss (Note 12)	28	(159)	63	(68)
Additions through acquisition of subsidiaries	—	—	4	4
Release upon distribution of earnings	—	—	(61)	(61)
<b>At 31 December 2015</b>	<b>2,207</b>	<b>5,059</b>	<b>69</b>	<b>7,335</b>

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

## 23. UNITS IN ISSUE

As at 31 December 2015, Hui Xian REIT had 5,378,973,852 (2014: 5,297,591,509) issued units.

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

	Number of units	RMB million
Balance at 1 January 2014	5,164,525,496	26,476
Payment of Manager's fees through issuance of new units during the year ( <i>Note (ii)</i> )	34,168,123	120
Units issued pursuant to the distribution reinvestment arrangement in respect of 2013 final and 2014 interim distributions ( <i>Note (iii)</i> )	98,897,890	326
<b>Balance at 31 December 2014</b>	<b>5,297,591,509</b>	<b>26,922</b>
Units issued for settlement of Manager's acquisition fee ( <i>Note (i)</i> )	<b>11,268,011</b>	<b>39</b>
Payment of Manager's fees through issuance of new units during the year ( <i>Note (ii)</i> )	<b>35,618,331</b>	<b>121</b>
Units issued pursuant to the distribution reinvestment arrangement in respect of 2014 final and 2015 interim distributions ( <i>Note (iii)</i> )	<b>34,496,001</b>	<b>114</b>
<b>Balance at 31 December 2015</b>	<b>5,378,973,852</b>	<b>27,196</b>

Note:

(i) On 2 March 2015, 11,268,011 units at RMB3.47 per unit were issued to the Manager as settlement of Manager's acquisition fee for the acquisition of Metropolitan Oriental Plaza during the year.

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

### **For the year ended 31 December 2015**

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
26 March 2015	1 July 2014 to 31 December 2014	3.38	17,605,343
17 August 2015	1 January 2015 to 30 June 2015	3.39	18,012,988
			<b>35,618,331</b>

**23. UNITS IN ISSUE** (continued)

Note: (continued)

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

**For the year ended 31 December 2014**

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
20 March 2014	1 July 2013 to 31 December 2013	3.56	16,844,078
18 August 2014	1 January 2014 to 30 June 2014	3.42	17,324,045
			34,168,123

(iii) On 13 May 2015, 29,222,017 scrip units at issue price of RMB3.31 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2014 final distribution.

On 24 September 2015, 5,273,984 scrip units at an issue price RMB3.32 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2015 interim distribution.

On 30 April 2014, 35,644,423 scrip units at an issue price RMB3.38 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2013 final distribution.

On 25 September 2014, 63,253,467 scrip units at an issue price RMB3.25 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2014 interim distribution.

**24. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES**

On 2 March 2015, the Group completed the acquisition of Metropolitan Oriental Plaza through acquisition of the entire equity interest in Chongqing Investment Limited (formerly known as Chesgold Limited) ("Chongqing Investment") from Cheerjoy Limited ("Cheerjoy") and Joinpower Holdings Ltd. ("Joinpower") at a consideration of RMB3,910 million for acquisition of investment properties plus consideration for acquisition of certain assets and liabilities of Chongqing Investment and Chongqing Company as at completion date. Chongqing Investment holds the entire equity interest in Chongqing Company which holds the Metropolitan Oriental Plaza. The acquisition is accounted for as purchase of assets rather than a business combination as the subsidiaries are vehicles formed for property holding.

## 24. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (continued)

The net assets acquired through the acquisition of subsidiaries on 2 March 2015 are summarised as follows:

	<b>Total RMB million</b>
<hr/>	
Net assets acquired at fair value:	
Investment properties	3,912
Property, plant and equipment	2
Bank balances and cash	128
Trade and other receivables	8
Trade and other payables	(22)
Tenant deposits	(61)
Deferred tax liabilities	(4)
<hr/>	
Total consideration	3,963
<hr/>	
Satisfied by:	
Cash	3,963
<hr/>	
Net cash outflow arising on acquisition:	
Cash paid	3,963
Bank balances and cash acquired	(128)
<hr/>	
	3,835
<hr/>	

*Note:* Cheerjoy and Joinpower are associated companies of Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman"), a significant unitholder of Hui Xian REIT and are subsidiaries of either Cheung Kong (Holdings) Limited ("Cheung Kong") or Hutchison Whampoa Limited ("HWL") before 3 June 2015 and have become subsidiaries of Cheung Kong Property Holdings Limited ("Cheung Kong Property") pursuant to the reorganisation of the Cheung Kong group completed on 3 June 2015.

## 25. TOP-UP AMOUNT ASSET

On 2 March 2015, the Group completed the acquisition of Metropolitan Oriental Plaza through acquisition of the entire equity interest in Chongqing Investment (Note 24). Pursuant to the agreement, Cheerjoy and Joinpower have guaranteed the Group that the Chongqing Company's Total Income (as defined in the agreement) shall not be less than RMB299.28 million per annum ("Guaranteed Income Level") in respect of five financial years ending 31 December 2015, 2016, 2017, 2018 and 2019 ("Relevant Period"). The total top-up amount is subject to a maximum amount of RMB100 million for the Relevant Period.

During the year ended 31 December 2015, the top-up amount receivable from Cheerjoy and Joinpower in respect of the period from 2 March 2015 to 31 December 2015 was RMB58 million, which represents the shortfall of the Chongqing Company's Total Income and the Guaranteed Income Level.

Top-up amount asset is accounted for as a financial derivative and is measured at fair value at the end of the reporting period. The Group applies a valuation model that has taken into account the expected future cash flows based on market rents and discount rate. A fair value gain of RMB97 million was credited to the consolidated statement of comprehensive income. The fair value measurement of the top-up amount asset is classified as Level 3 in the fair value hierarchy. If a lower market rent or a lower discount rate has been used, the fair value of the top-up amount asset would be higher. There would be an opposite impact on the fair value of the top-up amount asset if a higher market rent or a higher discount rate has been used.

## 26. 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 2015 of RMB27,557 million (2014: RMB28,564 million) and the total number of 5,378,973,852 units in issue as at 31 December 2015 (2014: 5,297,591,509 units).

## 27. NET CURRENT ASSETS

At the end of the reporting period, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB3,347 million (2014: RMB2,293 million).

## 28. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB43,629 million (2014: RMB39,487 million).

## 29. CAPITAL RISK MANAGEMENT

The Group manages its capital with the objective of assuring its ability to continue as a going concern while providing reasonable and stable returns to unitholders and generating benefits to other stakeholders. The Group considers the cost of capital and the risk associated with the capital. The Manager regularly reviews its capital management strategy to accommodate the Group's investment opportunities and strategies.

The Group is also subject to external capital requirements imposed by the REIT Code. The Group has to maintain a level of borrowings that shall not exceed 45% of the total gross asset value (the "gearing ratio") as required by the REIT Code. As at 31 December 2015, the Group's gearing ratio is 20.2% (2014: 9.2%), being bank loans divided by total assets of the Group.

## 30. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	2015 RMB million	2014 RMB million
<b>Financial assets</b>		
<i>Derivative financial instrument</i>		
Top-up amount asset	39	—
<i>Loans and receivables</i>		
Trade and other receivables	135	70
Bank balances and cash	6,107	4,795
	<b>6,242</b>	4,865
	<b>6,281</b>	4,865
<b>Financial liabilities</b>		
<i>Amortised cost</i>		
Trade and other payables	257	263
Manager's fee payable ( <i>Note</i> )	18	17
Distribution payable	719	687
Bank loans	9,435	3,867
	<b>10,429</b>	4,834
Unitholders' funds	<b>27,557</b>	28,564

Note: The balance excludes Manager's fee payable of RMB63 million (2014: RMB59 million) to be settled in units.

### 30. FINANCIAL INSTRUMENTS (continued)

#### b. Financial risk management objectives and policies

The risks associated with the Group's financial instruments include interest rate risk, foreign currency risk, credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The Manager manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### ***Interest rate risk***

The Group is exposed to fair value interest rate risk relates to the loans from a unitholder, Hui Xian Holdings. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 19) and variable-rate bank loans (Note 21). 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. Except for the loans from a unitholder, it is the Group's policy to keep its other borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the Manager monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

##### *Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the variable-rate bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease/increase by RMB47 million (2014: RMB19 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans.

### 30. FINANCIAL INSTRUMENTS (continued)

#### b. Financial risk management objectives and policies (continued)

##### **Foreign currency risk**

The Group collected all of its revenue in RMB and most of the expenditures including expenditure incurred in property investment as well as capital expenditure are also denominated in RMB.

The Group undertook certain transactions (including financing arrangements) in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group currently does not have a foreign currency hedging policy. However, the Manager monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	2015 RMB million	2014 RMB million
<b>Assets</b>		
HK\$	51	1
US\$	3	2
<b>Liabilities</b>		
HK\$	9,475	3,901

For the monetary assets and monetary liabilities denominated in US\$ since the amounts are not material, the Manager considers the exposure of exchange rate fluctuation is not significant for the year. Accordingly, no foreign currency sensitivity analysis is disclosed in the consolidated financial statements.

The Group mainly exposes to foreign exchange fluctuation of HK\$ against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the HK\$. The sensitivity analysis includes only outstanding HK\$ denominated monetary items and adjusts their translation at the year end for a 5% change in HK\$. 5% is the sensitivity rate used when reporting foreign risk internally to key management personnel and represents the Manager's assessment of the reasonably possible change in HK\$. There will be an increase in profit for the year where the RMB strengthens against the HK\$. For a 5% weakening of RMB against the HK\$, there would be an equal and opposite impact on the profit for the year.

	2015 RMB million	2014 RMB million
<b>HK\$</b>		
Profit for the year	471	195

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.

### 30. FINANCIAL INSTRUMENTS (continued)

#### b. Financial risk management objectives and policies (continued)

##### **Credit risk**

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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

To mitigate the risk of financial loss from default, tenants of the rental properties are required to pay two to three months deposits upon entering into leases with the Group. The Group has the right to offset the deposits against the outstanding receivables should the tenants default rental payments.

There is no credit period given to the tenants of the rental properties. Rental is payable in advance and interest is charged immediately on overdue balance at the rates ranging from 0.05% to 0.3% (2014: 0.05% to 0.1%) per day. In addition, the Manager is responsible for follow up action to recover the overdue debt. The Manager also reviews the recoverable amount of each individual trade debtor regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

There is a maximum credit period of 30 days (2014: 30 days) granted to corporate customers and travel agents of the hotels. The Group has no significant concentration of credit risk over these debtors, with exposure spread over a number of counterparties and customers. The Manager reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for all trade debtors as at 31 December 2015 and 31 December 2014.

The credit risk on liquid funds is limited because cash and bank deposits are placed with reputable financial institutions which are banks with high credit-ratings assigned by international credit-rating agencies.

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

### 30. FINANCIAL INSTRUMENTS (continued)

#### b. Financial risk management objectives and policies (continued)

##### Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. As at 31 December 2015, the Group had net current assets of RMB3,347 million (2014: RMB2,293 million). Taking into account of the internally generated funds and bank loan, the Group will be able to meet its financial obligation when they fall due.

During the year, the revolving credit facilities of RMB1,300 million granted by Hui Xian Holdings was renewed in May 2015.

##### Liquidity risk analysis

The following table details the Group's remaining contractual maturity for its financial liabilities and tenants' deposits based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate %	On demand or less than 3 months RMB million	3 months to 1 year RMB million	1 year to 2 years RMB million	Over 2 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 31 December 2015 RMB million
<b>Non-derivative financial liabilities</b>							
Trade and other payables	—	257	—	—	—	257	257
Tenants' deposits	—	77	172	226	263	738	738
Manager's fee payable	—	18	—	—	—	18	18
Distribution payable	—	—	719	—	—	719	719
Bank loans	1.9	56	1,554	976	7,343	9,929	9,435
		408	2,445	1,202	7,606	11,661	11,167

	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 2014 RMB million
<b>Non-derivative financial liabilities</b>							
Trade and other payables	—	263	—	—	—	263	263
Tenants' deposits	—	113	148	171	258	690	690
Manager's fee payable	—	17	—	—	—	17	17
Distribution payable	—	—	687	—	—	687	687
Bank loans	2.2	969	206	2,199	637	4,011	3,867
		1,362	1,041	2,370	895	5,668	5,524

### 30. FINANCIAL INSTRUMENTS (continued)

#### c. Fair value

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of top-up amount asset has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being discount rate and market rent as disclosed in Note 25.

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.

### 31. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the PRC subsidiaries are required to participate in a defined contribution retirement scheme administered by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group recognised the retirement benefit costs of RMB9 million for the year ended 31 December 2015 (2014: RMB7 million).

### 32. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group as the lessor had contracted with tenants for the following future minimum lease payments:

	2015 RMB million	2014 RMB million
Within one year	2,118	1,908
In the second to fifth years inclusive	3,042	2,423
Over five years	214	31
<b>Total</b>	<b>5,374</b>	<b>4,362</b>

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 20 years (2014: 1 month to 15 years) with monthly fixed rental, except for certain leases of the mall of which contingent rents are charged based on the percentage of sales ranged from 1.5% to 28% (2014: 1.5% to 25%).

### 33. CAPITAL COMMITMENTS

	2015 RMB million	2014 RMB million
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	21	31

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with connected and related parties:

Name of Connected/Related Party	Notes	2015 RMB'000	2014 RMB'000
<b>Rent and rental related income</b>			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	(a)	4,026	3,940
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	(a)	1,909	—
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	(a)	702	697
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	15,611	17,031
Cheung Kong (Holdings) Limited Beijing Office	(a)	85	84
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	85	35
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	456	—
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	2,134	—
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	254	—
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	(b)	497	—
家利物業管理(深圳)有限公司重慶分公司 (Cayley Property Management (Shenzhen) Limited Chongqing Branch*)	(b)	1,874	—
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	1,288	1,580
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	588	719

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2015 RMB'000	2014 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	1,646	1,641
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	1,784	1,922
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	58	55
和巽房地產經紀(北京)有限公司 (Pacific Property (Beijing) Limited*)	(b)	196	—
東方海外貨櫃航運(中國)有限公司北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch*)	(c)	—	518
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch*)	(c)	—	398
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.*)	(d)	—	420
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	(e)	2,311	1,538
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(j)	437	341
萊坊房地產經紀(上海)有限公司北京分公司 (Knight Frank (Shanghai) Property Consultants Limited Beijing Branch*)	(m)	1,726	1,681
Bank of China Limited	(i)	26,993	25,855
Bank of China Group Life Assurance Company Limited Beijing Office	(i)	—	155
<b>Public utility charges</b>			
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	(b) & (k)	6,426	—
<b>Interest income from banks</b>			
Bank of China Limited	(i)	13,489	47,789
Bank of China (Hong Kong) Limited	(i)	10,033	23,577
<b>Property management fee</b>			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	13,130	8,711
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	17,940	11,867
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	24,363	—

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2015 RMB'000	2014 RMB'000
<b>Internet services fee</b>			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	—	336
Cheung Kong (Holdings) Limited	(a)	—	2
Cheung Kong Property Holdings Limited	(b)	15	—
<b>Promotional expenses and investment seminar sponsorship</b>			
Metro Broadcast Corporation Limited	(a)	—	158
<b>Beverages</b>			
屈臣氏酒窖(廣州)有限公司 (Watson's Wine Cellar (Guangzhou) Company Limited*)	(a)	—	7
屈臣氏酒窖(上海)有限公司 (Watson's Wine Cellar (Shanghai) Company Limited*)	(a)	—	2
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch*)	(a)	434	433
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	(a)	1	—
<b>Cleaning supplies</b>			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	703	355
<b>Hotel services</b>			
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	(b)	143	37
The Kowloon Hotel	(b)	—	7
Hutchison Hotel Hong Kong Limited	(b)	71	59
<b>Leasing expenses</b>			
重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.*)	(b)	315	—
<b>Transitional administrative service fee</b>			
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	1,250	—

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2015 RMB'000	2014 RMB'000
<b>Trademark license fee</b>			
和記黃埔企業有限公司 (Hutchison Whampoa Enterprises Limited*)	(a) & (l)	—	—
<b>Insurance expense</b>			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(i)	437	435
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	(i)	1,529	1,523
中國人壽財產保險股份有限公司重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	(i)	197	—
<b>Interest expense</b>			
Bank of China (Hong Kong) Limited	(f) & (i)	36,887	16,136
The Hongkong and Shanghai Banking Corporation Limited	(e) & (f)	16,578	6,609
Hui Xian Holdings Limited	(g)	6,183	1,586
<b>Loan commitment and agency fee</b>			
Bank of China (Hong Kong) Limited	(f) & (i)	336	—
The Hongkong and Shanghai Banking Corporation Limited	(e) & (f)	63	—
<b>Trustee's fee</b>			
DB Trustees (Hong Kong) Limited		4,065	3,732
<b>Manager's fees</b>			
Hui Xian Asset Management Limited		201,602	150,159
<b>Property Manager's fee</b>			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(j)	46,921	37,865
<b>Valuation fee</b>			
Knight Frank Petty Limited	(h)	295	330
American Appraisal China Limited	(h)	—	16
<b>Technical due diligence fee</b>			
Knight Frank Petty Limited	(h)	14	151

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties as at 31 December 2015 and 2014 are as follows:

Name of Connected/Related Party	Notes	2015 RMB'000	2014 RMB'000
<b>Bank loans</b>			
Bank of China (Hong Kong) Limited	(f) & (i)	2,238,406	551,107
The Hongkong and Shanghai Banking Corporation Limited	(e) & (f)	746,182	315,536
<b>Bank balances</b>			
Bank of China (Hong Kong) Limited	(i)	48,162	358,323
Bank of China Limited	(i)	653,953	1,033,563
<b>Deposits placed with the Group for the lease of the Group properties</b>			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	(a)	1,092	1,092
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	(a)	572	—
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	(a)	181	181
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	840	1,139
Cheung Kong (Holdings) Limited Beijing Office	(a)	21	21
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	28	28
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	123	—
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	488	—
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	69	—
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	325	323
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	202	214
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	409	409
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	436	479

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2015 RMB'000	2014 RMB'000
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	14	14
李嘉誠基金會 (香港) 北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	(e)	632	—
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(j)	117	85
萊坊房地產經紀 (上海) 有限公司北京分公司 (Knight Frank (Shanghai) Property Consultants Limited Beijing branch*)	(m)	451	426

Notes:

- (a) These companies are associated companies<sup>1</sup> of Hui Xian (Cayman Island) Limited ("Hui Xian Cayman"), a significant unitholder<sup>2</sup> of Hui Xian REIT, and are subsidiaries of either Cheung Kong or HWL.
- (b) These companies are associated companies<sup>1</sup> of Hui Xian Cayman, a significant unitholder<sup>2</sup> of Hui Xian REIT and (i) were subsidiaries or associated companies of either Cheung Kong or HWL before the completion of the CK Reorganisation<sup>5</sup> on 3 June 2015; and (ii) have become subsidiaries of Cheung Kong Property pursuant to the CK Reorganisation<sup>5</sup>.
- (c) These companies are subsidiaries of a controlling entity<sup>4</sup> of Hui Xian Cayman, a significant unitholder<sup>2</sup> of Hui Xian REIT.
- (d) The company ceased to be an associated company<sup>1</sup> of Hui Xian Cayman, a significant unitholder<sup>2</sup> of Hui Xian REIT with effect from 9 October 2014.
- (e) These companies are associates<sup>3</sup> of Mr. Li Tzar Kuoi, Victor, a director of Noblecrown Investment Limited, a significant unitholder<sup>2</sup> of Hui Xian REIT.
- (f) The bank loans represent part of the outstanding bank loans (Note 21) at the end of the reporting period. The interest expense represents the respective interest expense under part of the outstanding bank loans for the year.
- (g) Hui Xian Holdings is 100% holding company of Hui Xian Cayman, a significant unitholder<sup>2</sup> of Hui Xian REIT, and is therefore an associate of Hui Xian Cayman. On 15 May 2015, Hui Xian Holdings and Hui Xian Investment Limited ("**Hui Xian Investment**"), a subsidiary of Hui Xian REIT, entered into a renewal facility agreement which is substantially the same as the facilities agreement dated 8 April 2011 and amended by a supplemental agreement dated 29 December 2011 ("**Renewal Facility Agreement**"). Pursuant to the terms of Renewal Facility Agreement, Hui Xian Holdings granted Hui Xian Investment a revolving credit facility of RMB1,300 million. Hui Xian Investment had subsequently drawn down RMB480 million on 1 June 2015 and RMB700 million on 23 September 2015. The amounts have been fully repaid on 30 June 2015 and 23 October 2015 respectively.
- (h) Knight Frank Petty Limited is the principal valuer of Hui Xian REIT for the year ended 31 December 2015 and 2014 and American Appraisal China Limited was the principal valuer of Hui Xian REIT for the year ended 31 December 2013.
- (i) These companies are associated companies<sup>1</sup> of Hui Xian Cayman, a significant unitholder<sup>2</sup> of Hui Xian REIT.
- (j) This company is a subsidiary of the Manager.
- (k) The relevant public utility charges have been reimbursed by this company at cost.
- (l) The relevant trademarks are licensed by this company to Chongqing Company at no cost.

### 34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- (m) This company is a subsidiary of the principal valuer, Knight Frank Petty Limited.
- 1 As defined in the REIT Code, a company shall be deemed to be an associated company of another company if one of them owns or controls 20% or more of the voting rights of the other or if both are associated companies of another company.
  - 2 As defined in the REIT Code, a unitholder is a significant holder if it holds 10% or more of the outstanding units.
  - 3 As defined in the SFO, a company is an associate of a person if the person is a director of that company.
  - 4 As defined in the SFO, a company is a controlling entity of another company if it has the right to nominate any of the directors of that company.
  - 5 "CK Reorganisation" refers to the reorganisation of the Cheung Kong group involving a reorganisation proposal, a merger proposal and a spin-off proposal, which was completed on 3 June 2015.
- \* The English name is shown for identification purpose only.

### 35. 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			
			2015	2014	2015	2014		
<b>Incorporated in the British Virgin Islands:</b>								
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	—
<b>Incorporated in Hong Kong:</b>								
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%	—	Investment holding	—
<b>Incorporated in the PRC:</b>								
Beijing Oriental Plaza Company Limited	25 January 1999	Registered — US\$600,000,000	—	—	100%	100%	Property investment and hotel and serviced suites operations in Beijing, the PRC	Beijing Oriental Plaza
Shenyang Lido Business Co. Ltd	14 September 1996	Registered — US\$59,873,990	—	—	70%	70%	Hotel — operation in Shenyang, the PRC	Sofitel Shenyang Lido
Chongqing Metropolitan Oriental Plaza Co., Ltd	18 November 1993	Registered — RMB470,000,000	—	—	100%	—	Property investment in Chongqing, the PRC	Chongqing Metropolitan Oriental Plaza

### 35. LIST OF SUBSIDIARIES (continued)

- (ii) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
		RMB million		RMB million		RMB million	
Shenyang Lido Business Co. Ltd	Shenyang, the PRC	30%	30%	(15)	(14)	256	271

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

#### **Shenyang Lido Business Co., Ltd**

	2015 RMB million	2014 RMB million
Revenue	82	79
Expenses and taxation	(132)	(124)
Loss for the year	(50)	(45)
Loss and total comprehensive expense for the year, attributable to:		
Non-controlling interest	(15)	(14)
Unitholders	(35)	(31)
	(50)	(45)

The Manager considered that the non-controlling interest in the assets, liabilities and cash flows of Shenyang Lido Business Co. Ltd are not material to the Group and so no summarised financial information on the assets, liabilities and cash flows are disclosed. No dividend was paid to non-controlling interest during the year.

## 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

	<b>1.1.2015 to 31.12.2015 RMB million</b>	1.1.2014 to 31.12.2014 RMB million	1.1.2013 to 31.12.2013 RMB million	1.1.2012 to 31.12.2012 RMB million	29.4.2011 to 31.12.2011 RMB million
Revenue					
Gross rental from investment properties	<b>2,413</b>	2,143	1,997	1,744	1,087
Income from hotel operation	<b>501</b>	521	584	775	419
Income from serviced apartments operation	<b>136</b>	131	129	129	82
	<b>3,050</b>	2,795	2,710	2,648	1,588
Profit before taxation and transactions with unitholders	<b>525</b>	2,152	1,267	4,009	1,178
Income tax expense	<b>(372)</b>	(661)	(427)	(1,110)	(359)
Profit for the year/period, before transactions with unitholders	<b>153</b>	1,491	840	2,899	819
Profit for the year/period attributable to unitholders, before transactions with unitholders	<b>168</b>	1,505	972	2,901	819
	<b>RMB</b>	RMB	RMB	RMB	RMB
Basic earnings per unit	<b>0.0315</b>	0.2878	0.1898	0.5762	0.1637

### SUMMARY OF DISTRIBUTIONS

	<b>1.1.2015 to 31.12.2015 RMB million</b>	1.1.2014 to 31.12.2014 RMB million	1.1.2013 to 31.12.2013 RMB million	1.1.2012 to 31.12.2012 RMB million	29.4.2011 to 31.12.2011 RMB million
Distributions to unitholders	<b>1,449</b>	1,350	1,262	1,208	735
	<b>RMB</b>	RMB	RMB	RMB	RMB
Distribution per unit	<b>0.2700</b>	0.2567	0.2455	0.2392	0.1467

## SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>31.12.2015</b> <b>RMB million</b>	31.12.2014 RMB million	31.12.2013 RMB million	31.12.2012 RMB million	31.12.2011 RMB million
Non-current assets	<b>40,282</b>	37,194	36,775	37,098	32,931
Current assets	<b>6,422</b>	5,034	3,952	2,290	1,064
<b>Total assets</b>	<b>46,704</b>	42,228	40,727	39,388	33,995
Current liabilities	<b>3,075</b>	2,741	1,623	2,358	1,377
Non-current liabilities, excluding net assets attributable to unitholders	<b>15,816</b>	10,652	10,856	8,699	6,646
<b>Total liabilities, excluding net assets attributable to unitholders</b>	<b>18,891</b>	13,393	12,479	11,057	8,023
Non-controlling interest	<b>256</b>	271	285	417	—
<b>Net assets attributable to unitholders</b>	<b>27,557</b>	28,564	27,963	27,914	25,972
	<b>RMB</b>	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	<b>5.1231</b>	5.3919	5.4144	5.4988	5.1845

## PERFORMANCE TABLE

	Notes	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Net assets attributable to unitholders (RMB million)		<b>27,557</b>	28,564	27,963	27,914	25,972
Net asset value per unit attributable to unitholders (RMB)		<b>5.1231</b>	5.3919	5.4144	5.4988	5.1845
Market capitalisation (RMB million)		<b>17,912</b>	18,436	19,935	21,067	17,834
Units issued (units)		<b>5,378,973,852</b>	5,297,591,509	5,164,525,496	5,076,415,649	5,009,521,491
Debts to net asset value ratio	1	<b>34.2%</b>	13.5%	11.5%	7.0%	0.8%
Debts to total asset value ratio	2	<b>20.2%</b>	9.2%	7.9%	5.0%	0.6%
		<b>1.1.2015 to 31.12.2015</b>	1.1.2014 to 31.12.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	29.4.2011 to 31.12.2011
Highest traded unit price (RMB)		<b>3.57</b>	3.88	4.32	4.26	5.10
Highest premium of the traded unit price to net asset value per unit	3	<b>N/A</b>	N/A	N/A	N/A	N/A
Lowest traded unit price (RMB)		<b>2.94</b>	3.29	3.70	3.48	2.65
Highest discount of the traded unit price to net asset value per unit		<b>42.6%</b>	39.0%	31.7%	36.7%	48.9%
Distribution per unit (RMB)		<b>0.2700</b>	0.2567	0.2455	0.2392	0.1467
Distribution yield per unit	4	<b>8.11%</b>	7.38%	6.36%	5.76%	N/A

### 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 2015 announcing, among other information, the final distribution for the period from 1 July 2015 to 31 December 2015 (“2015 Final Distribution”) and the distribution reinvestment arrangement (“DRA”)	15 March 2016 (Tuesday)
Units quoted ex-2015 Final Distribution	30 March 2016 (Wednesday)
First of the ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	30 March 2016 (Wednesday)
Closure of register of Unitholders (for ascertaining entitlement to the 2015 Final Distribution)	1 April 2016 (Friday) to 6 April 2016 (Wednesday) (both dates inclusive)
Record date for 2015 Final Distribution	6 April 2016 (Wednesday)
Announcement in relation to the DRA	14 April 2016 (Thursday)
Despatch of circular and election form for the DRA	19 April 2016 (Tuesday)
Latest time for return of election form for the DRA <sup>1</sup>	by 4:30 p.m., 5 May 2016 (Thursday)
2016 annual general meeting <sup>2</sup>	6 May 2016 (Friday)
Payment of the 2015 Final Distribution for cash distribution election	23 May 2016 (Monday)
Despatch of new unit certificates for scrip distribution election	23 May 2016 (Monday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	24 May 2016 (Tuesday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2015 Final Distribution for the period from 1 July 2015 to 31 December 2015 wholly in cash or in the form of new units in Hui Xian REIT or a combination of both. An announcement containing details of the distribution reinvestment arrangement was published on 14 April 2016 (Thursday) and a circular together with the relevant election form was delivered by post to the Unitholders on 19 April 2016 (Tuesday). The election form for scrip distribution must be lodged with and received by the Unit Registrar (at its address at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on 5 May 2016 (Thursday). Please refer to the relevant circular and election form for the details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the deadline set out above will be treated and taken as invalid.
2. The register of Unitholders will be closed from 3 May 2016 (Tuesday) to 6 May 2016 (Friday) for the purpose of ascertaining Unitholders’ right to attend and vote at the 2016 annual general meeting of Hui Xian REIT. Unitholders must lodge all transfer forms (accompanied by the relevant unit certificates) with the Unit Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 29 April 2016 (Friday).

## MANAGER

Hui Xian Asset Management Limited  
Unit 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

### Non-executive Directors

IP Tak Chuen, Edmond  
LIM Hwee Chiang  
YIN Ke<sup>1</sup>

### Independent Non-executive Directors

CHENG Hoi Chuen, Vincent  
LEE Chack Fan  
CHOI Koon Shum, Jonathan

## BOARD COMMITTEES

### Audit Committee

CHENG Hoi Chuen, Vincent (*Chairman*)  
LEE Chack Fan  
CHOI Koon Shum, Jonathan  
IP Tak Chuen, Edmond  
YIN Ke<sup>1</sup>

### Disclosures Committee

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

### Designated (Finance) Committee

YIN Ke<sup>1</sup> (*Chairman*)  
CHEUNG Ling Fung, Tom  
CHOI Koon Shum, Jonathan

## COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

## TRUSTEE

DB Trustees (Hong Kong) Limited

## AUDITOR

Deloitte Touche Tohmatsu

## PRINCIPAL VALUER

Knight Frank Petty Limited

<sup>1</sup> PANG Shuen Wai, Nichols as YIN Ke's alternate for the period from 1 January 2015 to 30 October 2015

### **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

Tel: (852) 2121 1128

Fax: (852) 2121 1138

Email: [info@huixianreit.com](mailto:info@huixianreit.com)

### **PROPERTY MANAGER**

北京匯賢企業管理有限公司

(Beijing Hui Xian Enterprise Services Limited\*)

### **STOCK CODE**

87001

### **WEBSITE**

[www.huixianreit.com](http://www.huixianreit.com)

\* *The English name is shown for identification purpose only.*

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited*), a Sino-foreign co-operative joint venture established in the PRC
Director(s)	director(s) of the Manager
DPU	distribution per unit
GDP	gross domestic product
Hui Xian Cayman	Hui Xian (Cayman Islands) Limited
Hui Xian Holdings	Hui Xian Holdings Limited
Hui Xian Investment	Hui Xian Investment Limited
Hui Xian REIT	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
Hui Xian REIT Group	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Manager	Hui Xian Asset Management Limited, a company incorporated in Hong Kong and a corporation licensed to carry on the regulated activity of asset management under the SFO
PRC	People's Republic of China
REIT Code	Code on Real Estate Investment Trusts

## GLOSSARY

RevPAR	revenue per available room
RMB	Renminbi
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
Shenyang Investment BVI	Shenyang Investment (BVI) Limited
Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited
Shenyang Lido	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by three supplemental deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 respectively, as may be modified or supplemented from time to time
Trustee	DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT
Unit(s)	unit(s) of Hui Xian REIT
Unitholder(s)	any person(s) registered as holding a Unit or Units

\* The English name is shown for identification purpose only.



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(as the manager of Hui Xian REIT)

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