

## OFFERING CIRCULAR SUMMARY

*The following summary aims to provide you with an overview of the information contained in this Offering Circular and should be read in conjunction with the full text of this Offering Circular. As it is a summary only, it does not contain all the information that may be important to you and you should read the whole Offering Circular carefully before deciding to invest in the Units. There are risks involved in any investments and some of the risks involved in investment in the Units are set out in the section headed "Risk Factors" in this Offering Circular. You should read that section carefully before deciding to invest in the Units.*

*In making your investment decision, you should rely only on the information contained in this Offering Circular. Hui Xian REIT has not authorised anyone to provide you with information that is different from that contained in this Offering Circular.*

*Statements in this summary that are not historical facts may be forward-looking statements based on certain assumptions, expectations and belief. You are cautioned that there are certain risks and uncertainties associated with Hui Xian REIT and the actual results may differ materially from those projected by such forward-looking statements.*

### A REIT as an Investment Vehicle

A REIT is a collective investment scheme constituted as a unit trust that invests primarily in income-producing real estate assets and uses the income to provide stable returns to its unitholders. Holding units in a REIT allows investors to share the benefits and risks of owning the real estate assets held by the REIT. An investment in the units of a REIT in Hong Kong is governed primarily by the REIT Code, and offers the following benefits:

- (a) certainty as to the business focus of the REIT, as a REIT does not have the discretion to diversify outside of the real estate sector or to own significant non-real estate assets;
- (b) a distribution which is required by the REIT Code to be at least 90.0% of the REIT's audited net income after tax for each financial year, subject to certain adjustments;
- (c) significantly enhanced liquidity in comparison to direct investments in real estate;
- (d) a manager licensed and regulated on an ongoing basis by the SFC; and
- (e) a corporate governance framework, the compliance of which is overseen by an independent trustee.

### Overview

Hui Xian REIT will be the first RMB-denominated REIT in Hong Kong. The Manager's key objective is to provide stable distributions, which will, subject to compliance with legal and regulatory restrictions, be paid to Unitholders in RMB. Furthermore, Units will also be traded on the Hong Kong Stock Exchange and settled through CCASS in RMB, providing an opportunity for investors to invest in an RMB-denominated security product in Hong Kong.

Hui Xian REIT's asset is its investment in Hui Xian BVI, which in turn holds Hui Xian Investment, the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Oriental Plaza (東方廣場), which is one of the largest and most iconic commercial complexes in Beijing, PRC. Oriental Plaza is a self-contained composite property complex comprising the following components:-

- The Malls (東方新天地), a world-class shopping centre;
- The Tower Offices (東方經貿城), which feature eight Grade A office buildings;
- The Tower Apartments (東方豪庭公寓), which consist of two serviced apartment towers;

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- Grand Hyatt Beijing (北京東方君悅大酒店), a five-star hotel with 825 guest rooms; and
- approximately 1,900 car parking spaces (including loading/unloading spaces) as ancillary facilities to complement other components of Oriental Plaza.

### **Growing China Economics with RMB Internationalisation**

#### ***Development of PRC Economy and RMB***

In the last 25 years, the PRC government has introduced a series of market reforms aimed at liberalising China's economy. China's evolution from a centrally planned economy into a more liberalised market economy was further accelerated when China became a member of the World Trade Organisation in 2001. From 2000 to 2010, China's nominal GDP experienced a CAGR of approximately 14.9%.

With its rapid growing economic development, China aims to establish the RMB as a global reserve currency in the long term. With the aim of internationalising the RMB, China has been implementing a series of supportive measures ranging from expanding RMB trade settlement to all countries/districts to allowing offshore RMB financial products. The recent PRC supportive measures support growth of RMB trade settlement and also attract more RMB deposits into Hong Kong. According to the Hong Kong Monetary Authority, RMB deposits in Hong Kong increased from approximately RMB64 billion at the end of January 2010 to approximately RMB408 billion at the end of February 2011.

In promoting the internationalisation of the RMB, China plans to further boost the flexibility of the RMB exchange rate and improve the RMB exchange rate mechanism. In January 2010, the exchange rate of RMB to US dollars was approximately RMB1 to US\$0.1467. The exchange rate of RMB to US dollars subsequently appreciated to approximately RMB1 to US\$0.1527 by the end of March 2011.

#### ***Beijing Economy and Property Market***

A metropolis in northern China, Beijing is a time-honoured, cultural city, as well as the political capital and one of the economic centres of China. With a population of approximately 20 million residents as at the end of 2009, Beijing is governed as a municipality under the direct administration of the central government. Beijing has a co-leadership role in the Bohai Rim Economic Circle, one of the most economically prosperous zones in China. In addition, Beijing is a key beneficiary of population inflows from the Bohai Rim Economic Circle.

Beijing's economy has grown rapidly from 2000 to 2010, with its nominal GDP experiencing a CAGR of approximately 15.9% during that period, and is one of the fastest growing economies in China. In 2010, Beijing's GDP was approximately RMB1,378 billion, second in China only to Shanghai. As the effects of the global financial crisis continue to fade away, Beijing's economy is anticipated to continue to enjoy rapid economic development, maintaining strong fundamentals for Beijing's real estate market over the long term.

High economic growth has resulted in an increase in disposable income per capita, high growth in urbanisation rates and rapid infrastructure development. These factors have facilitated the growth of Beijing's real estate market. From 2000 to 2010, real estate development investment in Beijing increased from approximately RMB52 billion in 2000 to approximately RMB290 billion in 2010, representing a CAGR of approximately 18.7%.

From 2000 to 2010, China has witnessed phenomenal economic growth. The Manager believes that an investment in Hui Xian REIT will allow investors to share the benefits of the rapid economic growth and flourishing real estate market in Beijing. Moreover, the Manager believes that an investment in Hui Xian REIT will give investors the chance to invest in a property with a solid track record of market leadership in Beijing with wide brand recognition, high occupancy and impressive financial performance.

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### Salient Information about an RMB Offering and Equity Product

The Offering is the first offering of an equity product on the Hong Kong Stock Exchange that is to be priced, traded and settled in RMB.

Part of the procedures for the Offering have, accordingly, not previously been utilised in Hong Kong and there can be no assurance that there will not be problems with systems or that logistical problems will not arise.

If you intend to pay the application monies and related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by an RMB cheque, you need to have an RMB bank account. You are advised to consult the bank at which your RMB bank account is opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. **In particular, you should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of the RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect your arrangement of funding for subscribing the Units.** If you would like to pay by an RMB cashier's order, you may or may not need to open an RMB bank account depending on whether the bank from which you purchase the cashier's order has such a requirement, which is a matter of internal policy of the bank and may vary between banks. The Manager is aware that, as at the Latest Practicable Date, at least CITIC Bank International Limited, The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited, Hang Seng Bank Limited, China Construction Bank (Asia) Corporation Limited, Standard Chartered Bank (Hong Kong) Limited, Bank of Communications Co., Ltd., The Bank of East Asia, Limited, Wing Hang Bank, Limited, Chiyu Banking Corporation Limited and Nanyang Commercial Bank, Ltd., provided RMB cashier's order services. In addition, if you are a CCASS Investor Participant and you intend to apply for the Hong Kong Public Offering Units by giving **electronic application instructions** to HKSCC via CCASS, you should make sure you have set up an RMB designated bank account with CCASS. If you intend to apply by means of the **White Form eIPO** service via [www.eipo.com.hk](http://www.eipo.com.hk), payment of the application monies can only be made using an internet banking service provided by The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited or Hang Seng Bank Limited. Payment is required to be made from an RMB bank account maintained at any of these three banks and there needs to be sufficient RMB in such RMB bank account.

If you are not allotted any Units or your application is successful only in part, or if your application is successful and the Offer Price as finally determined is less than the Maximum Offer Price, the whole or an appropriate portion of the application monies, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be returned to you in RMB in the form of a refund cheque or e-Refund payment. An RMB bank account needs to be maintained to deposit the refund cheque or receive the e-Refund payment.

If your application is successful in whole or in part, you will need to maintain an RMB bank account to deposit or receive the distributions made by Hui Xian REIT in RMB.

As an individual investor, when you open an RMB bank account or settle RMB payments, you will be subject to a number of restrictions, including:

- RMB bank accounts are only available to Hong Kong residents;
- the existing permitted conversions in relation to personal customers are up to RMB20,000 conducted through RMB deposit accounts per person per day or up to RMB20,000 per transaction per person in bank notes for walk-in personal customers; and
- the daily maximum remittance amount to the PRC is RMB80,000 and a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

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For further details of these restrictions, see the section headed “Risk Factors — There is only limited availability of RMB outside the PRC and there are limitations on conversion of RMB, which may adversely affect the liquidity of the Units and Hui Xian REIT’s ability to raise fund in RMB in the future.” in this Offering Circular. You may also be subject to further restrictions on dealings in RMB in Hong Kong as may be imposed from time to time.

Investors who intend to make the application on a **YELLOW** Application Form through a designated CCASS Participant (other than a CCASS Investor Participant) are strongly advised to refer to the Eligible Participants List accessible on the HKEx’s website by clicking the weblink [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/PrepareRMB/Documents/RMB\\_Part\\_Mar\\_2011.pdf](http://www.hkex.com.hk/eng/market/sec_tradinfra/PrepareRMB/Documents/RMB_Part_Mar_2011.pdf). It sets out a list of the HKEx’s participants who have successfully completed the RMB Readiness Test held by HKEx in March 2011 and confirmed their readiness for dealing and/or clearing transactions in RMB securities, before submitting the application. Any application using a **YELLOW** Application Form made through a designated CCASS Participant (other than a CCASS Investor Participant) will be rejected if the red box at the end of the Application Form does not contain the participant I.D. of a CCASS Participant (other than a CCASS Investor Participant) named in the Eligible Participants List as published on the HKEx’s website as at 9:00 a.m. on the date on which the application lists close.

If investors intend to instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offering Units on their behalf, they are strongly advised to refer to the Eligible Participants List and they should note that any application made through a CCASS Clearing Participant or a CCASS Custodian Participant not named in the Eligible Participants List as published on the HKEx’s website as at 9:00 a.m. on the date on which the application lists close will be rejected.

In choosing a stockbroker or a custodian for settlement of trading of the Units on the Hong Kong Stock Exchange following the listing of the Units, investors are reminded to refer to the Eligible Participants List as well as other relevant information published by HKEx regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units using their CCASS Investor Participant account should make sure that they have set up an RMB designated bank account with CCASS.

Investors may access the Eligible Participants List by clicking the weblink [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/PrepareRMB/Documents/RMB\\_Part\\_Mar\\_2011.pdf](http://www.hkex.com.hk/eng/market/sec_tradinfra/PrepareRMB/Documents/RMB_Part_Mar_2011.pdf). Copies of the Eligible Participants List as published on the Latest Practicable Date will also be made available by the Receiving Banks for collection free of charge upon request at their relevant branches where Application Forms are available for collection although investors are strongly advised to refer to the Eligible Participants List published on the HKEx’s website. For details of these branches, see the section headed “How to Apply for Hong Kong Public Offering Units — 3 Applying by using an Application Form — Where to Collect the Application Form” in this Offering Circular.

For further information, see the sections headed “Structure of the Offering”, “How to apply for Hong Kong Public Offering Units” and “Secondary trading and Settlement”.

### Competitive Advantages

The Manager believes that Oriental Plaza as a whole has the following competitive strengths:-

#### ***Prime Location in the Heart of Beijing***

Oriental Plaza is strategically located in the commercial heart of Beijing which is one of the most economically vibrant cities in China. Oriental Plaza is situated at No.1 East Chang’an Avenue (東長安街一號) within the Second Ring Road (二環路) of Beijing stretching from Wangfujing Street (王府井大街) (also known as Gold Street (金街)), in its west to North Dongdan Street (東單北大街) (also known as Silver Street (銀街)) in the east. Oriental Plaza enjoys a high flow of visitors from Wangfujing/ East Chang’ an Avenue, the famous shopping area in Beijing.

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Oriental Plaza is also well-situated to draw on the strong catchment of tourists as it is very close to a number of Beijing landmarks, including the Forbidden City (紫禁城), the Great Hall of the People (人民大會堂) and Tian'anmen Square (天安門廣場).

Furthermore, Oriental Plaza is situated in the political centre of Beijing and is adjacent to a number of important governmental departments, such as the Ministry of Commerce (商務部), the Ministry of Transport (交通運輸部), the General Administration of Customs (海關總署) and the People's Government of Beijing Municipality (北京市人民政府). This is appealing to some domestic and multinational companies who wish to have their offices located in a place which is in close proximity to the PRC policy makers.

Oriental Plaza is very easily accessible and is well connected by the public transportation network linking the city. It has access to Line 1 and Line 5 of the Beijing subway lines and is directly connected to the subway station. It will have access to the future Line 8 (extension works expected to commence in 2012). In addition, Oriental Plaza is served by over 30 bus routes, which have stops around the site. The distance between Oriental Plaza and Beijing Capital International Airport is approximately 35 k.m..

The premium location of Oriental Plaza is favourable to Grand Hyatt Beijing's hotel operations and the overall leasing activities of The Malls, the Tower Offices and the Tower Apartments.

Within the Second Ring Road region of Beijing, there is limited land supply for the development of any similar commercial complex of a scale comparable to Oriental Plaza. Accordingly, Oriental Plaza is able to position itself as a unique, comprehensive and prestigious development, without any significant competition in the foreseeable future<sup>1</sup>.

### ***Benefits of "World within a World"***

The four components of Oriental Plaza, namely The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing are part and parcel to the success of the property complex. They reflect the "World within a World" concept of Oriental Plaza and together create a self-contained community. Under the "World within a World" concept, Oriental Plaza houses business enterprises, a shopping mall, accommodation facilities, and public services all in a single commercial complex. The convenient accessibility of these facilities and services attracts multinational companies and domestic companies to locate their offices at The Tower Offices. The tenants at The Tower Offices generate a strong catchment of business travellers that propels demand for Grand Hyatt Beijing and The Tower Apartments. The Malls benefits from a captive market of consumers that work in the Tower Offices and stay in Grand Hyatt Beijing and The Tower Apartments, and offers one-stop shopping, dining and entertainment experiences to customers, tenants, hotel guests and the public. The four components complement each other and the combination creates a synergy effect which helps to boost the rental rate and occupancy rate of each individual component. The complex is additionally well-supported by a car park with approximately 1,900 available car parking spaces. The Malls, The Tower Offices and The Tower Apartments at Oriental Plaza have all played a leading role in the Beijing property leasing market. Over the past 10 years, Oriental Plaza has enjoyed a solid track record of market leadership in Beijing with wide brand recognition, high occupancy and impressive financial performance.

### ***Large and Diversified Asset Providing Regular and Stable Distributions***

The Manager's principal investment strategy is to hold and invest in high quality commercial properties in the PRC and it aims to produce stable and attractive total returns to Unitholders by

<sup>1</sup> Source: Page VI-8 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing. A number of statements in this section headed "Offering Circular Summary" and in the sections headed "Investment Highlights" and "Oriental Plaza and Business" of this Offering Circular are, as indicated in footnotes, based on the letter from DTZ (in relation to the retail and office property market in Beijing) or the letter from JLL (in relation to the serviced apartment property market and hotel industry in Beijing), the full text and sources of which are set out in Appendices VI and VII to this Offering Circular (as the case may be). Some of those statements contain views of the relevant Market Consultant and/or contain information which in turn is based on estimates, and as such they should be regarded as indicative only and read with appropriate caution.



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managing the REIT's portfolio and maintaining a high level of investment discipline and financial flexibility. Oriental Plaza has an attractive tenant mix providing Hui Xian REIT with a diversified revenue base.

The four components of Oriental Plaza will provide Unitholders with diversification through exposure to different market segments — retail, office, serviced apartments and hotel. For the year ended 31 December 2009, the revenue contributions from The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing were approximately 38.0%, approximately 34.0%, approximately 5.0%, and approximately 23.0% respectively, and the profit contributions from The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing were approximately 46.2%, approximately 39.2%, approximately 3.4%, and approximately 11.2% respectively.

### ***Future Growth through Active Management***

The Manager will seek to increase the net asset value per Unit of Hui Xian REIT through active management. In terms of organic growth, the Manager will actively manage its portfolio to optimise rental income growth, maintain an optimal tenant mix, capture property enhancement opportunities, optimise occupancy levels, and prudently control property expenses.

### ***Highly Experienced and Motivated Board of Directors and Management Team***

The board of directors of the Manager and other members of its management team have extensive experience in real estate asset and investment management.

The three indirect shareholders of the Manager are the CITIC Securities Group, the Cheung Kong Group and the ARA Group. The CITIC Securities Group is an active and experienced financial institution in the PRC and in Hong Kong. The Cheung Kong Group is an experienced property developer having numerous property development and investment projects in Hong Kong and in the PRC. The ARA Group is experienced and has a proven track record in managing REITs in Hong Kong and in other countries in Asia. The Directors (other than the INEDs) are all from the three groups of indirect shareholders.

In addition, individuals, including KAM Hing Lam; MAN Ka Keung, Simon; TONG BARNES Wai Che, Wendy; CHEUNG Ling Fung, Tom; WONG, James; CHAN Yiu Lung; LAI Wai Yin, Agnes; LEUNG Pik Sai, Charlotte and TSE Hiu Fun, Louisa who have managed on a day-to-day basis and contributed to the success of Oriental Plaza and/or Hui Xian Investment for over 10 years since its inception will continue to manage them after the listing of Hui Xian REIT.

Given the experience and expertise of this management team in managing Oriental Plaza, the Manager has a profound understanding of the tenants and is well positioned to negotiate optimal rental rates. The management team has also demonstrated that it is able to strategically select the right tenant mix for the development, which not only freshens the offerings of Oriental Plaza and attracts new patrons, but also contributes to overall rental levels. With a strong emphasis on customer service, the management team has been able to cater to the specific needs of tenants, such as helping them in their expansion plans and assisting them in relocating to Oriental Plaza, thereby effectively retaining existing tenants and attracting new ones, to be the tenants of The Malls, The Tower Offices or The Tower Apartments.

### ***Widely Recognised Brand***

Through effective marketing and the provision of high quality services, Oriental Plaza has established its own brand as one of the leading high-end commercial complexes in Beijing, both among consumers and businesses. The Oriental Plaza brand enables Oriental Plaza to attract quality tenants and maintain high occupancy rates and rental levels. As at 31 December 2010, Oriental Plaza had a large tenant base of 233 tenants in The Malls and 486 tenants in The Tower Offices. These

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tenants covered a wide range of business sectors, providing Oriental Plaza with earnings diversification. Furthermore, The Malls and The Tower Offices achieved high committed occupancy levels of approximately 100.0% and approximately 97.4% respectively as at 31 December 2010 and the average monthly rental per leased Rentable Area in sq. m. of The Malls and The Tower Offices was approximately RMB813 and approximately RMB165 respectively for the year ended 31 December 2010.

### ***Economic Growth of Beijing***

The Chinese economy has achieved significant growth over the past eleven years (from 2000 to 2010), especially in Beijing. The Beijing economy has maintained a rapid growth rate from 2000 to 2010 with a CAGR of approximately 15.9%<sup>2</sup>. Such rapid growth has brought about increasing demand for real estate in Beijing, including retail and office premises. This has resulted in a growth in both real estate values and rental rates. Oriental Plaza has been well-positioned to capitalise on such rapid economic growth in Beijing.

In the retail segment, there has been strong growth in retail sales, helping to drive the development of the retail property market.<sup>3</sup> At the same time though, the supply of land for development is limited. Little undeveloped land area remains in the main commercial areas of Beijing, especially in key areas such as Wangfujing/ East Chang'an Avenue, the Central Business District ("CBD") and Financial Street.<sup>4</sup> This is especially true for land in the Wangfujing area, where existing retail projects benefit from limited land supply.

The Malls has no pressure on its leasing activities as there are no comparable significant competitors in the submarket.<sup>5</sup> According to DTZ, the future supply of high-end retail properties in the Wangfujing/ East Chang'an Avenue submarket from 2011 to 2013 is forecast to be approximately 179,000 sq. m. (gross floor area)<sup>6</sup>. DTZ forecasts low market pressures after these high-end retail properties come onto the market in the future.<sup>7</sup> Therefore, rents of retail properties in the Wangfujing/ East Chang'an Avenue submarket are expected to remain at the highest level in Beijing and continue stable growth of approximately 2.5% year on year from 2011 to 2013.<sup>8</sup>

In the office segment, the Beijing office market has experienced rapid development since the mid-1980s. By the end of 2010, the total stock of Grade A office supply in Beijing was approximately 6.6 million sq. m. (gross floor area).<sup>9</sup> Although there has been significant new supply since 2005, the absorption rate has been high due to good economic growth and the average vacancy rate remained relatively low.<sup>10</sup> DTZ expects the future supply of Grade A office space to be approximately 0.61 million sq. m. (gross floor area) over the next three years (from 2011 to 2013).<sup>11</sup> Accordingly, there will be little pressure on the Grade A office market in the near future.<sup>12</sup> It also forecasts that Beijing Grade A office rentals may have a year-on-year increase of approximately 5.2% over the next three years.<sup>13</sup>

As regards the serviced apartment segment, there is expected to be rising domestic demand and a less intensive competitive market environment.<sup>14</sup> In the short to medium-term, as global economies

<sup>2</sup> Source: Page VI-6 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>3</sup> Source: Page VI-6 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>4</sup> Source: Page VI-8 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>5</sup> Source: Page VI-8 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>6</sup> Source: Page VI-20 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>7</sup> Source: Page VI-21 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>8</sup> Source: Page VI-21 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>9</sup> Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>10</sup> Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>11</sup> Source: Page VI-27 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>12</sup> Source: Page VI-27 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>13</sup> Source: Page VI-28 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>14</sup> Source: Pages VII-30 to VII-31 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

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improve and local markets continue to grow, demand for serviced apartments is anticipated to correspondingly increase. This, combined with a relatively limited pipeline of new serviced apartments entering the Beijing market in the near term, is likely to provide a good basis for occupancy rate growth.<sup>15</sup>

For the hotel market in Beijing, the short to medium outlook appears to be positive.<sup>16</sup> Growth will be fuelled by sound economic fundamentals of Beijing as the PRC's capital city and the importance of the city in political and cultural terms.

The Manager believes that an investment in Hui Xian REIT will allow investors to share the benefits of the rapid economic growth and flourishing real estate market in the PRC.

### Overview of Oriental Plaza



Oriental Plaza is one of the largest and most iconic commercial complexes in the PRC. It is strategically located at No.1 East Chang'an Avenue (東長安街一號), the political and commercial heart of Beijing, the capital of the PRC. It is within the Second Ring Road (二環路) and Wangfujing (王府井). The development is in a unique position in Beijing. The location is one which is unprecedented for a large scale commercial development in the PRC.

Oriental Plaza was developed on a plot of land with a total area of approximately 100,000 sq.m.<sup>17</sup> and has a total Gross Floor Area of approximately 800,000 sq. m..

Over the past 10 years, this landmark development has enjoyed a solid track record of market leadership in Beijing with wide brand recognition, high occupancy and impressive financial performance. BOP has experienced a growth in both revenue and operating profit at a CAGR of approximately 14.3% and 19.3%, respectively, during the period from 2002 to 2009 based on its management accounts. In terms of occupancy, the committed occupancy levels of The Malls, The Tower Offices and The Tower Apartments as at 31 March 2011 were approximately 100.0%, approximately 99.7% and approximately 95.4%, respectively, and the average occupancy rate of Grand Hyatt Beijing for the month ended 31 March 2011 was approximately 72.9%.

<sup>15</sup> Source: Page VII-31 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

<sup>16</sup> Source: Page VII-19 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

<sup>17</sup> Based on the Appendix of the Construction Planning Permit issued to BOP on 10 January 2000.



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### **Financial and Operating Information**

The segment revenue generated by The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing for the three years ended 31 December 2007, 2008 and 2009 and the ten months ended 31 October 2010, and the unaudited segment revenue for the ten months ended 31 October 2009 are set out in the following table:-

	Year ended 31 December 2007		Year ended 31 December 2008		Year ended 31 December 2009		Ten months ended 31 October 2009		Ten months ended 31 October 2010	
	RMB million	% of total	RMB million	% of total	RMB million	% of total	RMB million (unaudited)	% of total	RMB million	% of total
The Malls <sup>Note</sup> . . . . .	588	28.3	695	30.6	748	38.0	617	37.8	679	39.0
The Tower Offices . . . . .	614	29.6	646	28.5	669	34.0	563	34.4	542	31.2
The Tower Apartments . . . . .	139	6.7	142	6.3	98	5.0	82	5.0	74	4.3
Grand Hyatt Beijing . . . . .	736	35.4	786	34.6	454	23.0	372	22.8	444	25.5
<b>Total</b>	<b>2,077</b>	<b>100.0</b>	<b>2,269</b>	<b>100.0</b>	<b>1,969</b>	<b>100.0</b>	<b>1,634</b>	<b>100.0</b>	<b>1,739</b>	<b>100.0</b>

Note: The segment revenue of The Malls included that generated from the operation of car parking spaces.

The segment profit generated by The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing for the three years ended 31 December 2007, 2008 and 2009 and the ten months ended 31 October 2010, and the unaudited segment profit for the ten months ended 31 October 2009 are set out in the following table:-

	Year ended 31 December 2007		Year ended 31 December 2008		Year ended 31 December 2009		Ten months ended 31 October 2009		Ten months ended 31 October 2010	
	RMB million	% of total	RMB million	% of total	RMB million	% of total	RMB million (unaudited)	% of total	RMB million	% of total
The Malls <sup>Note</sup> . . . . .	471	34.8	572	37.1	626	46.2	514	45.9	572	48.4
The Tower Offices . . . . .	466	34.4	504	32.7	531	39.2	445	39.7	417	35.3
The Tower Apartments . . . . .	78	5.8	81	5.2	46	3.4	41	3.6	33	2.8
Grand Hyatt Beijing . . . . .	338	25.0	385	25.0	152	11.2	121	10.8	160	13.5
<b>Total</b> . . . . .	<b>1,353</b>	<b>100.0</b>	<b>1,542</b>	<b>100.0</b>	<b>1,355</b>	<b>100.0</b>	<b>1,121</b>	<b>100.0</b>	<b>1,182</b>	<b>100.0</b>

Note: The segment profit of The Malls included that generated from the operation of car parking spaces.

As at 31 December 2010, The Malls, The Tower Offices and The Tower Apartments had 233, 486 and 425 tenants, respectively.

Tenants of The Malls encompass leading fashion, watch, jewellery, beauty and lifestyle brands. It is currently home to approximately 280 top international and domestic brands, including Burberry, HUGO BOSS, Tiffany, Givenchy, Dunhill, Moschino, Max Mara, Coach, Calvin Klein, Kenzo, Bally, S.T. Dupont, Kent & Curwen, Gieves & Hawkes, Agnes b, Ports 1961, DKNY, Juicy Couture and Tommy Hilfiger.

The tenant mix of The Tower Offices also includes a number of Fortune 500 companies. Major brands, firms and organisations occupying The Tower Offices include the Hong Kong Stock Exchange, RBS, Macquarie Bank, American Express Bank, British Telecom, Vale, Rolex, Shiseido, Chanel, Fancil,

## OFFERING CIRCULAR SUMMARY

Toshiba, Burson-Marsteller, CPA Australia, Merck Sharp & Dohme, Deacons Law Firm, Sidley Austin, Metlife, HSBC Insurance, the Hong Kong Tourism Board and Thailand Tourism Board. Three of the “big four” accounting firms, namely Ernst & Young, Deloitte Touche Tohmatsu and KPMG, have also chosen to base their Beijing headquarters at The Tower Offices.

The committed occupancy levels of The Malls and The Tower Offices, and the occupancy rates of The Tower Apartments as at 31 December 2007, 2008, 2009 and 2010 are set out in the following table:-

	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010
	%	%	%	%
The Malls	100.0	99.9	99.4	100.0
The Tower Offices	97.2	98.2	93.8	97.4
The Tower Apartments	81.6	67.6	71.6	79.5

The average occupancy rates of Grand Hyatt Beijing for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately 72.6%, approximately 62.3%, approximately 56.9% and approximately 65.6%, respectively.

The following table sets out certain information on, among others, the top 10 tenants of The Malls and The Tower Offices in terms of Rentable Area as at 31 December 2010 and total monthly rental income for the month ended 31 December 2010:-

	Rentable Area (sq.m.) <sup>Note (1)</sup>	Percentage of total Rentable Area <sup>Note (1)</sup>	Percentage of total monthly rental income <sup>Note (2)</sup>
<b>The Malls</b>			
Top ten tenants <sup>Note (3)</sup>	15,447	20.9%	25.0%
Other tenants	58,585	79.1%	75.0%
Total	<b>74,032</b>	<b>100.0%</b>	<b>100.0%</b>
<b>The Tower Offices</b>			
Top ten tenants <sup>Note (4)</sup>	97,018	32.5%	33.2%
Other tenants	193,613	64.9%	66.8%
Vacant	7,730	2.6%	N/A
Total	<b>298,361</b>	<b>100.0%</b>	<b>100.0%</b>

Notes:-

(1) As at 31 December 2010.

(2) Calculated as a percentage of the total monthly rental income for the month ended 31 December 2010.

(3) Among the top ten tenants of The Malls, Bank of China Limited, Beijing Wangfujing Sub-Branch is a connected person of Hui Xian REIT under the REIT Code which rented approximately 1,497 sq. m. of The Malls, representing approximately 2.0% of total Rentable Area as at 31 December 2010 and approximately 2.4% of total monthly rental income in respect of The Malls for the month ended 31 December 2010, respectively. Save as disclosed aforesaid, none of the top ten tenants of The Malls is a connected person of Hui Xian REIT under the REIT Code.

(4) Among the top ten tenants of The Tower Offices, Cheung Kong Graduate School of Business is a connected person of Hui Xian REIT under the REIT Code and rented approximately 9,046 sq. m. of The Tower Offices, representing approximately 3.0% of total Rentable Area as at 31 December 2010 and approximately 3.0% of total monthly rental income in respect of the Tower Offices for the month ended 31 December 2010, respectively. Save as disclosed aforesaid, none of the top ten tenants of The Tower Offices is a connected person of Hui Xian REIT under the REIT Code.

Set out below is a table which sets out the average room rate and RevPAR of Grand Hyatt Beijing for the periods indicated:-

	Year ended 31 December			
	2007	2008	2009	2010
Average room rate (RMB incl. service charge)	2,029	2,736	1,470	1,552
RevPAR (RMB)	1,473	1,703	836	1,019

## OFFERING CIRCULAR SUMMARY

### ***Property Valuation and Interest in Oriental Plaza***

The respective Appraised Values of The Malls, The Tower Offices, The Tower Apartments, Grand Hyatt Beijing and the basement portion of Oriental Plaza, as determined by the Independent Property Valuer as at 31 January 2011 were as follows:

	<u>RMB million</u>
The Malls .....	13,580
The Tower Offices .....	11,310
The Tower Apartments .....	2,310
Grand Hyatt Beijing .....	3,920
Basement portion of Oriental Plaza .....	290
Total .....	<u>31,410</u>

On 8 April 2011, the Trustee (as trustee of Hui Xian REIT) entered into the Reorganisation Agreement with (among others) Hui Xian Cayman pursuant to which the Trustee (as trustee of Hui Xian REIT) shall indirectly acquire an interest in Oriental Plaza by acquiring the entire issued share capital of Hui Xian BVI which in turn holds the entire issued share capital of Hui Xian Investment. See the section headed “Reorganisation, Structure and Organisation — Reorganisation of Hui Xian BVI Group” and the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — Reorganisation Agreement” in this Offering Circular. It is intended that the transfer and assignment of the Hui Xian BVI Share and the Assigned Indebtedness will be completed on or before 28 April 2011 (or such other date as may be agreed between Hui Xian Cayman and the Manager).

### **Principal Strategy of Hui Xian REIT**

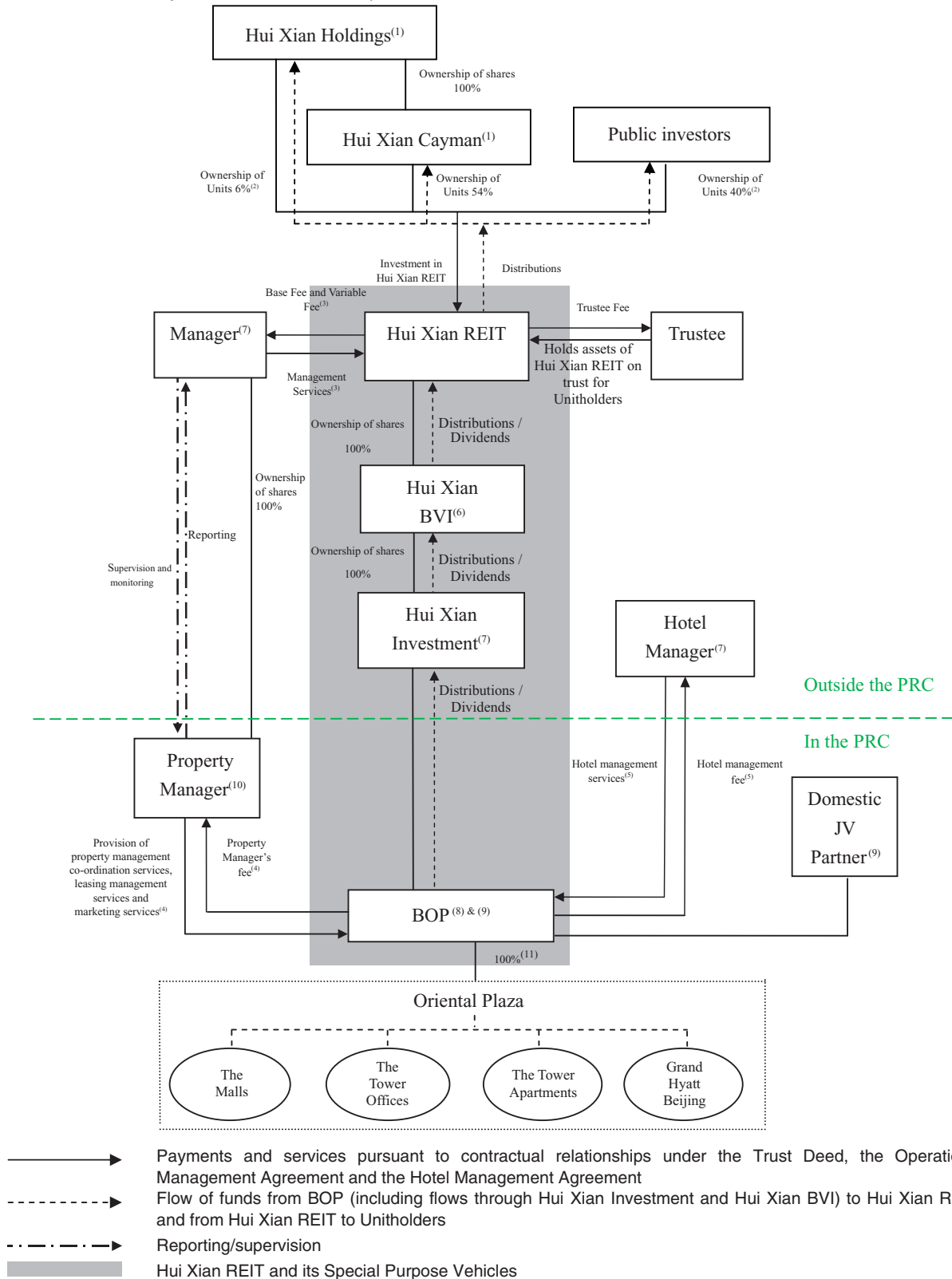
The Manager’s key objectives for Hui Xian REIT are to provide Unitholders with stable and sustainable distributions per Unit. The Manager’s principal investment strategy is to hold and invest in high quality commercial properties in the PRC and it aims to produce stable and attractive total returns to Unitholders by managing the REIT’s portfolio and maintaining a high level of investment discipline and financial flexibility. The Manager intends to hold Oriental Plaza on a long-term basis while, if opportunity arises, complementing it with additional income-producing properties through acquisitions. The implementation of the Manager’s strategy can be broadly categorised as follows:-

- **Asset Management Strategy.** The Manager intends to actively manage Hui Xian REIT’s property portfolio to maintain optimal occupancy levels, achieve strong rental growth and optimise net property income. The Manager will work closely with the Property Manager to drive organic growth, to build strong relationships with tenants, and to seek property enhancement opportunities.
- **Acquisition Strategy.** The Manager may consider selectively acquiring additional properties that meet its investment criteria where there are appropriate opportunities.
- **Capital Management Strategy.** The Manager will seek to optimise the capital structure and cost of capital.

## OFFERING CIRCULAR SUMMARY

### Overview of Hui Xian REIT Structure

The following diagram depicts the ownership structure of Hui Xian REIT and the primary structural and contractual relationships between, among others, Hui Xian REIT, Unitholders, the Manager, the Trustee, the Property Manager and the Hotel Manager, upon completion of the Offering (assuming the Over-allotment Option is not exercised).



## OFFERING CIRCULAR SUMMARY

### Notes:

- (1) Hui Xian Cayman is a direct wholly-owned subsidiary of Hui Xian Holdings which in turn is ultimately owned by a consortium of six investors. These investors are Cheung Kong (as to approximately 33.4%), HWL (as to approximately 17.9%), BOC (as to approximately 19.8%), OOIL (as to approximately 7.9%), China Life (as to approximately 19.8%) and Cranwood (as to approximately 1.2%). Cheung Kong, HWL, BOC, OOIL and China Life together hold approximately 98.8% of the issued share capital of Hui Xian Holdings, representing all the voting shares of Hui Xian Holdings. The remaining issued share capital (approximately 1.2%) of Hui Xian Holdings consists of non-voting shares and such shares are owned by Cranwood. Cranwood is an associated company of HWL (within the meaning of the REIT Code) because of companies in which each of them has shareholding. Notwithstanding that, as the Manager understands, Cranwood is not a connected person of Hui Xian REIT. See the section headed “Information about Hui Xian Cayman” in this Offering Circular for further information concerning Hui Xian Cayman.
- (2) Pursuant to the Unit Borrowing Agreement to be entered into, the Units of Hui Xian Holdings to be subscribed for under the Hui Xian Holdings Subscription Agreement (which will be equivalent to 6.0% of the issued Unit capital of Hui Xian REIT as enlarged by the Hui Xian Holdings Subscription and the Offering) may be borrowed from Hui Xian Holdings to cover any over-allocations in the International Offering. Taking any such over-allocations into consideration, the Unitholding of investors (other than Hui Xian Cayman and Hui Xian Holdings) upon completion of the Offering may be greater than 40.0%, up to a maximum of 46.0%. Further, in the event that the Over-allotment Option is exercised, Hui Xian Holdings’ holding of Units will be reduced. In the event that the Over-allotment Option is exercised in full, Hui Xian Holdings will cease to hold any Units. See the section headed “Structure of the Offering — Over-allotment Option and Stabilisation” in this Offering Circular for further details.
- (3) The Manager will provide management services to Hui Xian REIT and will, in return, receive the Base Fee and Variable Fee from Hui Xian REIT.
- (4) The Property Manager will provide business advisory and management services, marketing and leasing management services and property management co-ordination services in relation to Oriental Plaza (excluding Grand Hyatt Beijing) to BOP and will, in return, receive a Property Manager’s fee from BOP.
- (5) The Hotel Manager provides hotel management services to BOP and, in return, receives hotel management fee from BOP.
- (6) Incorporated in BVI.
- (7) Incorporated in HK. The Manager is wholly-owned by World Deluxe Enterprises Limited, which in turn is owned by CSI REITs Investment Management Company Limited, Wealth Finder Limited and ARA Hui Xian (Holdings) Limited, being the indirect wholly-owned subsidiaries of CITIC Securities International, Cheung Kong and ARA, respectively. For details, see the section headed “The Manager and the Property Manager” in this Offering Circular.
- (8) Established in the PRC as a Sino-foreign co-operative joint venture company.
- (9) For a summary of the key rights and obligations of Hui Xian Investment and the Domestic JV Partner, see the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — JV Documents” in this Offering Circular.
- (10) The Property Manager is in the course of being established in the PRC as a wholly-owned subsidiary of the Manager.
- (11) BOP holds the land use rights and building ownership rights in respect of Oriental Plaza for a term of 50 years until 21 April 2049.

### **BOP**

Oriental Plaza is held by BOP, a cooperative joint venture enterprise established in the PRC with Hui Xian Investment as the foreign investor and the Domestic JV Partner as the domestic investor. BOP has a joint venture period of 50 years from 25 January 1999 to 24 January 2049 and it holds the land use rights and building ownership rights in respect of Oriental Plaza granted by the PRC Government for a term until 21 April 2049. As such, the joint venture period of BOP will expire approximately three months earlier than the expiry of such land use rights and building ownership rights.

For details of the rights and obligations of Hui Xian Investment and the Domestic JV Partner in respect of BOP, see the section headed “Material Contracts and Other Related Documents of Hui Xian — JV Documents” of this Offering Circular.

### **The Manager**

The Manager, Hui Xian Asset Management Limited, was incorporated in Hong Kong on 26 October 2010 for the sole purpose of managing the assets of Hui Xian REIT. The Manager has a paid-up capital of HK\$5 million and its registered office is located at Unit 1203, 12/F, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong. The Manager is licensed by the SFC to conduct the regulated activity of asset management, as required by the REIT Code. For the licensing conditions imposed



<b>OFFERING CIRCULAR SUMMARY</b>
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upon the Manager, see the section headed “Modifications, Waivers and Licensing Conditions — Licensing Conditions on the Manager” of this Offering Circular.

### **The Property Manager**

The Property Manager (currently proposed to be named as Beijing Hui Xian Enterprise Services Limited), which will be wholly-owned by the Manager, is being established in the PRC to take up certain functions and services relating to the management of Oriental Plaza (other than Grand Hyatt Beijing which is managed by the Hotel Manager pursuant to the Hotel Management Agreement (see the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — Hotel Management Agreement” in this Offering Circular)) which are currently performed by BOP and which will be performed by the Property Manager pursuant to the Operations Management Agreement after its establishment and the Operations Management Agreement is entered into. The Property Manager, which will have a local presence in the PRC, will be able to facilitate the management of Oriental Plaza (other than Grand Hyatt Beijing) for the Manager. As the Property Manager will be a wholly-owned subsidiary of the Manager, the Manager will have the overall management and supervision of the Property Manager in respect of its performance of the functions and services pursuant to the Operations Management Agreement.

### **The Trustee**

The Trustee of Hui Xian REIT is DB Trustees (Hong Kong) Limited, a company incorporated in Hong Kong and registered as a trust company under section 77 of the Trustee Ordinance. The Trustee is qualified to act as a trustee for collective investment scheme authorised under the SFO pursuant to the REIT Code.

### **Corporate Governance**

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Hui Xian REIT in a transparent manner with built-in checks and balances.

# OFFERING CIRCULAR SUMMARY

## Summary Financial Information

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Ten months ended 31 October	
	2007	2008	2009	2009	2010
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Revenue . . . . .	2,077	2,269	1,969	1,634	1,739
Rental related income . . . . .	61	72	77	48	40
Other income . . . . .	24	33	17	14	25
Foreign currency exchange gain . . . . .	273	197	84	84	18
Hotel inventories consumed . . . . .	(56)	(56)	(45)	(35)	(42)
Staff costs . . . . .	(135)	(141)	(107)	(91)	(95)
Depreciation and amortisation . . . . .	(133)	(138)	(134)	(111)	(112)
Other operating expenses . . . . .	(659)	(484)	(544)	(439)	(460)
(Decrease) increase in fair value of investment properties . . . . .	(65)	923	(16)	(27)	8,756
Finance costs . . . . .	(159)	(83)	(82)	(70)	(53)
<b>Profit before taxation . . . . .</b>	<b>1,228</b>	<b>2,592</b>	<b>1,219</b>	<b>1,007</b>	<b>9,816</b>
Income tax expense . . . . .	(276)	(625)	(346)	(280)	(2,489)
<b>Profit for the year/period . . . . .</b>	<b>952</b>	<b>1,967</b>	<b>873</b>	<b>727</b>	<b>7,327</b>
<b>Other comprehensive income (expense)</b>					
Exchange difference on translation of financial statements . . . . .	444	425	(54)	(58)	107
<b>Total comprehensive income for the year/period . . . . .</b>	<b>1,396</b>	<b>2,392</b>	<b>819</b>	<b>669</b>	<b>7,434</b>

# OFFERING CIRCULAR SUMMARY

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	At 31 December			At 31 October 2010
	2007	2008	2009	
	RMB million	RMB million	RMB million	RMB million
<b>Non-current assets</b>				
Investment properties . . . . .	11,332	11,258	11,242	19,998
Property, plant and equipment . . . . .	2,184	2,124	2,045	1,984
Land and related costs . . . . .	2,251	1,810	1,772	1,740
	<u>15,767</u>	<u>15,192</u>	<u>15,059</u>	<u>23,722</u>
<b>Current assets</b>				
Hotel inventories . . . . .	17	20	16	17
Land and related costs . . . . .	41	38	38	38
Trade and other receivables . . . . .	111	76	82	72
Bank balances and cash . . . . .	1,416	1,685	732	1,157
	<u>1,585</u>	<u>1,819</u>	<u>868</u>	<u>1,284</u>
<b>Current liabilities</b>				
Trade and other payables . . . . .	(792)	(779)	(773)	(765)
Other payable . . . . .	(121)	(1,570)	—	—
Loan from ultimate holding company . . . . .	(7,302)	(6,832)	(6,143)	(6,019)
Tax payable . . . . .	(359)	(229)	(125)	(96)
Bank borrowings . . . . .	(756)	(707)	(846)	(405)
	<u>(9,330)</u>	<u>(10,117)</u>	<u>(7,887)</u>	<u>(7,285)</u>
<b>Net current liabilities</b> . . . . .	<u>(7,745)</u>	<u>(8,298)</u>	<u>(7,019)</u>	<u>(6,001)</u>
<b>Total assets less current liabilities</b> . . . . .	<u>8,022</u>	<u>6,894</u>	<u>8,040</u>	<u>17,721</u>
<b>Non-current liabilities</b>				
Bank borrowings . . . . .	(1,661)	(847)	(1,100)	(1,100)
Trade and other payables . . . . .	(558)	(520)	(518)	(507)
Other payable . . . . .	(2,988)	—	—	—
Deferred tax liabilities . . . . .	(597)	(917)	(993)	(3,251)
	<u>(5,804)</u>	<u>(2,284)</u>	<u>(2,611)</u>	<u>(4,858)</u>
	<u>2,218</u>	<u>4,610</u>	<u>5,429</u>	<u>12,863</u>
<b>Capital and reserves</b>				
Share capital . . . . .	—	—	—	—
Exchange reserve . . . . .	441	866	812	919
Retained profits . . . . .	1,777	3,744	4,617	11,944
	<u>2,218</u>	<u>4,610</u>	<u>5,429</u>	<u>12,863</u>

# OFFERING CIRCULAR SUMMARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Ten months ended 31 October	
	2007	2008	2009	2009	2010
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
<b>Operating activities</b>					
Profit before taxation	1,228	2,592	1,219	1,007	9,816
Adjustments for:					
Decrease (increase) in fair value of investment properties	65	(923)	16	27	(8,756)
Exchange differences	(273)	(202)	(86)	(84)	(18)
Loss on disposal of property, plant and equipment	3	1	—	—	1
Depreciation and amortisation	133	138	134	111	112
Interest income	(23)	(24)	(13)	(10)	(8)
Finance costs	159	83	82	70	53
Operating cash flows before movements in working capital	1,292	1,665	1,352	1,121	1,200
(Increase) decrease in hotel inventories	(2)	(3)	4	—	(1)
Decrease (increase) in trade and other receivables	21	35	(6)	(30)	8
Increase (decrease) in trade and other payables	134	(125)	(4)	(20)	(19)
Cash generated from operations	1,445	1,572	1,346	1,071	1,188
Profits tax paid	(409)	(475)	(350)	(321)	(269)
<b>Net cash from operating activities</b>	<b>1,036</b>	<b>1,097</b>	<b>996</b>	<b>750</b>	<b>919</b>
<b>Investing activities</b>					
Repayments of other payable	—	—	(1,570)	(1,570)	—
Additions of property, plant and equipment	(45)	(49)	(21)	(10)	(20)
Interest received	23	24	13	10	8
<b>Net cash used in investing activities</b>	<b>(22)</b>	<b>(25)</b>	<b>(1,578)</b>	<b>(1,570)</b>	<b>(12)</b>
<b>Financing activities</b>					
Repayments of bank loans	(574)	(714)	(707)	(434)	(433)
Interest paid	(158)	(81)	(81)	(63)	(48)
Repayments to ultimate holding company	—	—	(683)	(683)	—
New bank loans raised	—	—	1,100	1,100	—
<b>Net cash used in financing activities</b>	<b>(732)</b>	<b>(795)</b>	<b>(371)</b>	<b>(80)</b>	<b>(481)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>282</b>	<b>277</b>	<b>(953)</b>	<b>(900)</b>	<b>426</b>
<b>Effect of changes in foreign exchange rate</b>	<b>(7)</b>	<b>(8)</b>	<b>—</b>	<b>—</b>	<b>(1)</b>
<b>Cash and cash equivalents at the beginning of the year/period</b>	<b>1,141</b>	<b>1,416</b>	<b>1,685</b>	<b>1,685</b>	<b>732</b>
<b>Cash and cash equivalents at the end of the year/period, represented by bank balances and cash</b>	<b>1,416</b>	<b>1,685</b>	<b>732</b>	<b>785</b>	<b>1,157</b>

## OFFERING CIRCULAR SUMMARY

### Profit Forecast for the period from the Listing Date to 30 June 2011

The Manager forecasts that, in the absence of unforeseen circumstances and on the bases and assumptions set out below, the profit of Hui Xian REIT for the period from the Listing Date to 30 June 2011 will be not less than RMB140 million.

	Historical		Forecast
	Year ended 31 December 2009	Ten months period ended 31 October 2010	Period from the Listing Date to 30 June 2011
	RMB million	RMB million	RMB million
Revenue .....	1,969	1,739	404
Rental related income .....	77	40	7
Other income .....	17	25	—
Foreign currency exchange gain .....	84	18	—
Hotel inventories consumed .....	(45)	(42)	(10)
Staff costs .....	(107)	(95)	(16)
Depreciation and amortisation .....	(134)	(112)	(36)
Other operating expenses .....	(544)	(460)	(118)
(Decrease) / increase in fair value of investment properties <sup>(1)</sup> .....	(16)	8,756	—
Finance costs .....	(82)	(53)	(2)
REIT expenses .....	—	—	(24)
<b>Profit before taxation</b> .....	<b>1,219</b>	<b>9,816</b>	<b>205</b>
Income tax expense .....	(346)	(2,489)	(65)
<b>Profit for the year / period<sup>(2)</sup></b> .....	<b>873</b>	<b>7,327</b>	<b>140</b>
Adjustments <sup>(3)</sup> .....			53
<b>Income available for distribution</b> .....			<b>193</b>

	Forecast	
	Period from the Listing Date to 30 June 2011	
Offer Price (RMB) <sup>(4)</sup> .....	5.24	5.58
Number of Units in issue (million) <sup>(5)</sup> .....	5,000	5,000
<b>Distribution per Unit for the Forecast Period (RMB)</b> .....	<b>0.0386</b>	<b>0.0386</b>
Annualised forecast distribution yield <sup>(6)</sup> .....	4.26%	4.00%

Notes:

- (1) The Manager considers that there is no reasonable basis to arrive at the market values for the Oriental Plaza as at 30 June 2011. Accordingly, the Manager has made no assumption in regard to changes in property value in arriving at the profit forecast for the period from the Listing Date to 30 June 2011.
- (2) The profit for the year ended 31 December 2009 and the ten months ended 31 October 2010, excluding the increase or decrease in fair value of investment properties (being The Malls, The Tower Offices and the basement portion of Oriental Plaza) and the related tax effect, is approximately RMB885 million and approximately RMB760 million, respectively.



## OFFERING CIRCULAR SUMMARY

(3) Refers to adjustments to eliminate the effects of the following:

	<b>Forecast</b>
	<b>Period from the Listing Date to 30 June 2011</b>
	<b>RMB million</b>
Manager's base fee in units .....	13
Depreciation and amortisation .....	36
Deferred tax in respect of accelerated tax depreciation .....	4
<b>Total Adjustments</b> .....	<b>53</b>

- (4) Assuming an Offer Price range of RMB5.24 and RMB5.58 per Unit, being the Minimum Offer Price and Maximum Offer Price, respectively.
- (5) Number of Units in issue is the number of Units assumed to be outstanding as at 30 June 2011. The forecast DPU for the period from the Listing Date to 30 June 2011 is based on the number of Units assumed to be outstanding as at 30 June 2011, and does not include the Units to be issued in lieu of Management Fees payable up to 30 June 2011 which shall not be issued to the Manager until after the Record Date for such distribution.
- (6) The annualised forecast distribution yields are provided for illustrative purposes only. The annualised actual distribution yield may differ from the annualised forecast distribution yields based on the actual DPU for the period from the Listing Date to 30 June 2011. The annualised forecast distribution yields have been calculated with reference to the Minimum Offer Price and Maximum Offer Price only.

**As the annualised forecast distribution yields are based on the DPU for the Forecast Period which only covers the period from the Listing Date to 30 June 2011, they do not represent the annualised distribution yields derived from Hui Xian REIT's results for its financial year ending 31 December 2011. The annualised forecast distribution yields will vary for investors who purchase the Units in the secondary market at a price different from the maximum and minimum subscription prices of the Offer Price range.**

### Certain Fees and Charges

The following is a summary of certain fees and charges payable by Unitholders, in RMB, in connection with the subscription of Units:-

<b>Payable by the Unitholders directly</b>	<b>Amount Payable<sup>Note</sup></b>
Brokerage .....	1.0% of Maximum Offer Price
Hong Kong Stock Exchange trading fee .....	0.005% of Maximum Offer Price
SFC transaction levy .....	0.003% of Maximum Offer Price

Note: Subject to refund, if and to the extent the Offer Price is lower than the Maximum Offer Price.

## OFFERING CIRCULAR SUMMARY

The following is a summary of certain fees payable by Hui Xian REIT in connection with the establishment and ongoing management of Hui Xian REIT:-

Payable by Hui Xian REIT	Amounts Payable
Manager's fees .....	<p><b>Base Fee</b></p> <p>Not exceeding 0.3% (and being 0.3% as at the date of the Trust Deed) per annum of the Property Value</p> <p><b>Variable Fee</b></p> <p>3.0% per annum of NPI (before deduction therefrom of the Variable Fee and, where the Property Manager is a subsidiary of the Manager, Property Manager's fee) provided however that in respect of Oriental Plaza and as from the date the Property Manager is appointed pursuant to the Operations Management Agreement and for so long as the Property Manager remains a subsidiary of the Manager and with effect from the date on which the Property Manager is appointed, such rate shall be reduced to 2.0% (instead of 3.0% as stated above) per annum</p> <p><b>Acquisition Fee</b></p> <p>Not exceeding the rate of 1.0% (and being 1.0% as at the date of the Trust Deed) of the acquisition price of any real estate</p> <p><b>Divestment Fee</b></p> <p>Not exceeding the rate of 0.5% (and being 0.5% as at the date of the Trust Deed) of the sale price of any real estate</p>
Trustee's fees .....	<p>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 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</p> <p>Based on the agreed arrangement between the Trustee and the Manager as at the Latest Practicable Date and the Appraised Value of Oriental Plaza of approximately RMB31,410 million as at 31 January 2011, the rate of the above annual fee is expected to be 0.01% on the Listing Date</p>
Property Manager's fees .....	1.0% per annum of NPI (before deduction therefrom of the Variable Fee and Property Manager's fee)

## OFFERING CIRCULAR SUMMARY

### Summary of Risk Factors

There are certain risks involved in investing in Hui Xian REIT. These risks can be categorised into (i) Risks relating to Hui Xian REIT; (ii) Risks relating to Oriental Plaza; (iii) Risks relating to the Industries in which Hui Xian REIT operates; (iv) Risks relating to the PRC; and (v) Risks relating to Investment in the Units.

#### *Risks relating to Hui Xian REIT*

- The joint venture period of BOP is of limited duration, and BOP will be dissolved and Hui Xian REIT's interest in Oriental Plaza will have zero value in approximately 38 years when the joint venture period of BOP expires on 24 January 2049.
- The joint venture period of BOP will expire before the expiry date of the existing term of the land use rights and building ownership rights, and thus Hui Xian REIT will not benefit from any extension of such term.
- The joint venture period of BOP may be terminated early.
- Certain matters concerning BOP require consent from the Domestic JV Partner.
- RMB is not freely convertible. There are significant restrictions on the remittance of RMB into and out of the PRC, and the ability of BOP to remit RMB to Hong Kong and the ability of Hui Xian REIT to make distributions in RMB may be subject to future limitations imposed by the PRC government.
- Fluctuations in the value of RMB could affect the amount of distributions to Unitholders, market value and realisation price of the Units.
- Distributions may be made in a currency other than RMB.
- There is only limited availability of RMB outside the PRC and there are limitations on the conversion of RMB, which may adversely affect the liquidity of the Units and Hui Xian REIT's ability to raise funds in RMB in the future.
- The liquidity and trading price of the Units may be adversely affected by the limitations on the conversion of foreign currency into RMB.
- Hui Xian REIT will operate principally through its indirect interest in BOP and relies on Oriental Plaza to make distributions and there are various risks relating to the ability and costs of making distributions.
- Distributions may not be made in a timely manner.
- Dividends payable to Hui Xian Investment by BOP will be subject to PRC withholding tax, and Hui Xian REIT may be subject to PRC taxation on its worldwide income.
- Hui Xian REIT may incur losses arising from claims brought against BOP in connection with the operation of Oriental Plaza.
- Hui Xian REIT and the Manager, which are each newly established entities, do not have established operating histories for investors to rely on in making an investment decision.
- Hui Xian REIT's current and future borrowings give rise to financial risk.
- There are significant restrictions on the remittance of RMB out of the PRC and the ability of Hui Xian REIT to service the repayment of the Facility may be subject to limitations imposed by the PRC government.
- The value of Hui Xian REIT may be adversely affected by fluctuations in interest rates.
- The compensation received for any breach of the Reorganisation Agreement on the part of Hui Xian Cayman may be limited as the guarantee of its performance is given by Hui Xian Holdings only and there is no guarantee from the ultimate shareholders of Hui Xian Holdings.

## OFFERING CIRCULAR SUMMARY

- The amount that Hui Xian REIT may borrow is limited.
- Hui Xian REIT's growth depends on external sources of capital which are outside of its control.
- Failure of Hui Xian BVI Group to continue to receive financing would adversely affect its business, ability to sustain or grow its business and financial stability.
- Hui Xian REIT depends on certain key personnel, and the loss of any key personnel may adversely affect its business, financial condition and results of operations.
- Hui Xian REIT's success depends on the ability of the Manager, the Property Manager and the Hotel Manager to operate Oriental Plaza and their failure to operate Oriental Plaza in an efficient and effective manner could have a material adverse effect on the value of Oriental Plaza and Hui Xian REIT's results of operations.
- The operations of the Manager, the Hotel Manager and certain property services providers are subject to regulation and their licensing, qualification and approval conditions.
- If the Operations Management Agreement and/or the Hotel Management Agreement expire or are terminated early, Hui Xian REIT may not be able to enter into a new operations management agreement and/or new hotel management agreement in the future on similar terms.
- The loss of key tenants or a downturn in the business of its tenants, which include connected persons of Hui Xian REIT, could have an adverse effect on Hui Xian REIT's financial condition and results of operations.
- Hui Xian REIT may be unable to renew leases, lease vacant space or re-lease space as leases expire.
- Decreases in property values as a result of the revaluation of Oriental Plaza could result in a decrease in the annual consolidated net profit of Hui Xian REIT for that year and may also trigger certain events of default which may lead to adverse consequences under the Facility Agreement.
- The Manager may change Hui Xian REIT's investment strategy.
- There are potential conflicts of interest between Hui Xian REIT, the Manager, the Cheung Kong Group, Fortune REIT and Prosperity REIT.
- The Manager is an associated company of ARA. There are potential conflicts of interest between Hui Xian REIT and REITs and private real estate funds managed by ARA for property acquisition and leasing opportunities.
- The Manager is an associated company of CITIC Securities International. There are potential conflicts of interest between Hui Xian REIT, the Manager and CITIC Securities Group.
- Adverse global economic conditions could adversely affect the business, financial condition and results of operations of Hui Xian REIT.
- The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the businesses, financial condition and results of operations of Hui Xian REIT.
- The representations, warranties and indemnities granted in favour of Hui Xian REIT by Hui Xian Cayman are subject to limitations.
- You should only rely on the information included in this Offering Circular to make your investment decision and should not rely on any particular statements in published news reports.

<b>OFFERING CIRCULAR SUMMARY</b>
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***Risks relating to Oriental Plaza***

- Hui Xian REIT presently relies on Oriental Plaza for all of its revenue. This exposes Hui Xian REIT to concentration risk.
- Oriental Plaza is located in Beijing, which exposes Hui Xian REIT to economic and property market conditions in Beijing and the PRC as a whole, as well as to economic measures implemented by the PRC Government to prevent the overheating of the PRC property market.
- The attractiveness of Oriental Plaza may be affected if other commercial districts in Beijing develop.
- The revenue earned from, and the value of, Oriental Plaza may be adversely affected by a number of factors.
- Hui Xian REIT's ability to make distributions to Unitholders could be adversely affected if property expenses, such as maintenance charges, property management fees, property taxes and other operating expenses increase without a corresponding increase in revenue.
- The due diligence exercise on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies.
- Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow.
- The Appraised Value of Oriental Plaza is based on various assumptions and the price at which BOP is able to sell Oriental Plaza may be different from the Appraised Value or initial acquisition value of Oriental Plaza.
- Oriental Plaza or parts thereof may be acquired compulsorily.

***Risks relating to the Industries in which Hui Xian REIT operates***

- There are general risks attached to investments in real estate.
- Hui Xian REIT may be adversely affected by the illiquidity of property investments.
- The hotel industry is susceptible to cyclicalities and other factors outside the control of Hui Xian REIT and the Hotel Manager.
- Hui Xian REIT faces competition.
- Hotel and serviced apartment operations costs and expenses may not decrease even if occupancy rate declines.
- Hui Xian REIT may suffer material losses in excess of insurance proceeds.
- Hui Xian REIT could incur significant costs or liability related to environmental matters.

***Risks relating to the PRC***

- The PRC's economic and other policies could affect Hui Xian REIT's business.
- Interpretation of PRC laws and regulations involves uncertainty.

***Risks relating to Investment in the Units***

- The listing, trading and settlement of the units of Hui Xian REIT, and RMB-denominated securities, may not be capable of being implemented as envisaged.
- Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of units of Hui Xian REIT, the units of which are to be the first RMB-denominated securities listed on the Hong Kong Stock Exchange.



<b>OFFERING CIRCULAR SUMMARY</b>
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- Hui Xian REIT cannot be privatised by way of the scheme of arrangement or compulsory acquisition mechanisms provided under the Companies Ordinance.
- The Units have never been publicly traded and the Offering may not result in an active or liquid market for the Units.
- Unitholders will be effectively subordinated to all existing and future claims of creditors of the Hui Xian BVI Group.
- Unitholders have no right to require the redemption of their Units.
- The price of the Units may decline after the Offering.
- Investment in the Units is subject to exchange rate risks.
- The forward-looking information in this Offering Circular may prove inaccurate.
- Property yield on real estate to be held by Hui Xian REIT is not equivalent to yield on the Units.
- The number of Units available for future sale could adversely affect the market price of the Units.
- The NAV of the Units will be diluted if further issues of the Units are priced below the NAV.
- Unitholders' interests will be diluted because all or part of the Manager's compensation may be paid in Units.
- Certain rights in relation to Units in which a person has an interest or is deemed to have an interest may be suspended under the provisions of the Trust Deed.
- The Units may be delisted from the Hong Kong Stock Exchange.
- An investment in the Units presents taxation risk.
- The REIT Code has a relatively short history and the application and interpretation of its provisions may be less certain.
- Accounting Standards in the PRC and Hong Kong are subject to change.