

SELECTED FINANCIAL INFORMATION

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The following is a summary of Hui Xian REIT's audited consolidated results for the three years ended 31 December 2007, 2008 and 2009 and the ten months ended 31 October 2010 and the unaudited consolidated results for the ten months ended 31 October 2009, as extracted from the accountants' report set out in Appendix I to this Offering Circular. Potential investors should read this summary with the accountant's report and not merely rely on the information contained in this summary.

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)
Profit before taxation	1,228	2,592	1,219	1,007	9,816
Income tax expense	(276)	(625)	(346)	(280)	(2,489)
Profit for the year/period	952	1,967	873	727	7,327
Other comprehensive income (expense)					
Exchange difference on translation of financial statements	444	425	(54)	(58)	107
Total comprehensive income for the year/period	1,396	2,392	819	669	7,434

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	At 31 December			At 31 October 2010
	2007	2008	2009	
	RMB million	RMB million	RMB million	RMB million
Non-current assets				
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>
Current assets				
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>
Current liabilities				
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>
Net current liabilities	<u>(7,745)</u>	<u>(8,298)</u>	<u>(7,019)</u>	<u>(6,001)</u>
Total assets less current liabilities	<u>8,022</u>	<u>6,894</u>	<u>8,040</u>	<u>17,721</u>
Non-current liabilities				
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>
Capital and reserves				
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>

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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
Operating activities					
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)
Net cash from operating activities	<u>1,036</u>	<u>1,097</u>	<u>996</u>	<u>750</u>	<u>919</u>
Investing activities					
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
Net cash used in investing activities	<u>(22)</u>	<u>(25)</u>	<u>(1,578)</u>	<u>(1,570)</u>	<u>(12)</u>
Financing activities					
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	—
Net cash used in financing activities	<u>(732)</u>	<u>(795)</u>	<u>(371)</u>	<u>(80)</u>	<u>(481)</u>
Increase (decrease) in cash and cash equivalents	282	277	(953)	(900)	426
Effect of changes in foreign exchange rate	(7)	(8)	—	—	(1)
Cash and cash equivalents at the beginning of the year/period	<u>1,141</u>	<u>1,416</u>	<u>1,685</u>	<u>1,685</u>	<u>732</u>
Cash and cash equivalents at the end of the year/period, represented by bank balances and cash	<u>1,416</u>	<u>1,685</u>	<u>732</u>	<u>785</u>	<u>1,157</u>