

REORGANISATION, STRUCTURE AND ORGANISATION

Hui Xian REIT was constituted by the Trust Deed entered into on 1 April 2011 between Hui Xian Cayman, the Manager and the Trustee.

Reorganisation of Hui Xian BVI Group

The reorganisation of Hui Xian BVI Group has partly been effected, and is expected to be fully effected, in the manner described below:

- (i) Shareholder's loan and other intra-group amounts owing by Hui Xian Investment or Hui Xian BVI (on one hand) to Hui Xian Cayman or Hui Xian Holdings (on the other hand) were rearranged so that Hui Xian BVI will be indebted to Hui Xian Cayman for the Existing Borrowings prior to Completion.
- (ii) Hui Xian REIT was constituted by the Trust Deed executed on 1 April 2011 between Hui Xian Cayman, the Manager and the Trustee.
- (iii) On 7 April 2011, Hui Xian BVI declared a distribution of surplus in the amount of RMB7,300 million (being the Pre-Listing Distribution) to its then sole shareholder, Hui Xian Cayman, after the revaluation of Hui Xian BVI's assets. As at the Latest Practicable Date, the amount of the Pre-Listing Distribution remained unpaid by Hui Xian BVI to Hui Xian Cayman. Prior to Completion, Hui Xian BVI Group will be indebted to Hui Xian Cayman in the total amount of the Existing Indebtedness, comprising the Existing Borrowings and the amount of the above distribution which is expected to remain unpaid.
- (iv) On 8 April 2011, the Trustee (as trustee of Hui Xian REIT), the Manager, Hui Xian Cayman and Hui Xian Holdings entered into the Reorganisation Agreement, pursuant to which Hui Xian Cayman has agreed to transfer and assign to the Trustee (as trustee of Hui Xian REIT) the Hui Xian BVI Share and interests in the Assigned Indebtedness. Completion will take place on or before 28 April 2011 (or such other date as may be agreed between Hui Xian Cayman and the Manager). The consideration for the transfer and assignment of the Hui Xian BVI Share and the Assigned Indebtedness will be satisfied by the issuance of 2,700,000,000 Units (or such other number of Units as may be agreed between Hui Xian Cayman and the Manager), representing all the Units in issue as at the time of Completion, to Hui Xian Cayman. After Completion, Hui Xian Investment will be indirectly wholly-owned by the Trustee (as trustee of Hui Xian REIT), through its 100.0% interest in Hui Xian BVI. After Completion and prior to the completion of the Offering, all the Units in Hui Xian REIT will be owned by Hui Xian Cayman. See the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT — Reorganisation Agreement" in this Offering Circular for further details of the Reorganisation Agreement.
- (v) Upon Completion, Hui Xian BVI will be indebted to Hui Xian Cayman in the total amount of the Existing Indebtedness less the amount of the Assigned Indebtedness. Following completion of the Offering, the proceeds (net of all fees and charges) from the Offering will be used for lending to Hui Xian BVI for repaying the Existing Indebtedness (less the Assigned Indebtedness) owing by Hui Xian BVI to Hui Xian Cayman immediately on the Listing Date.

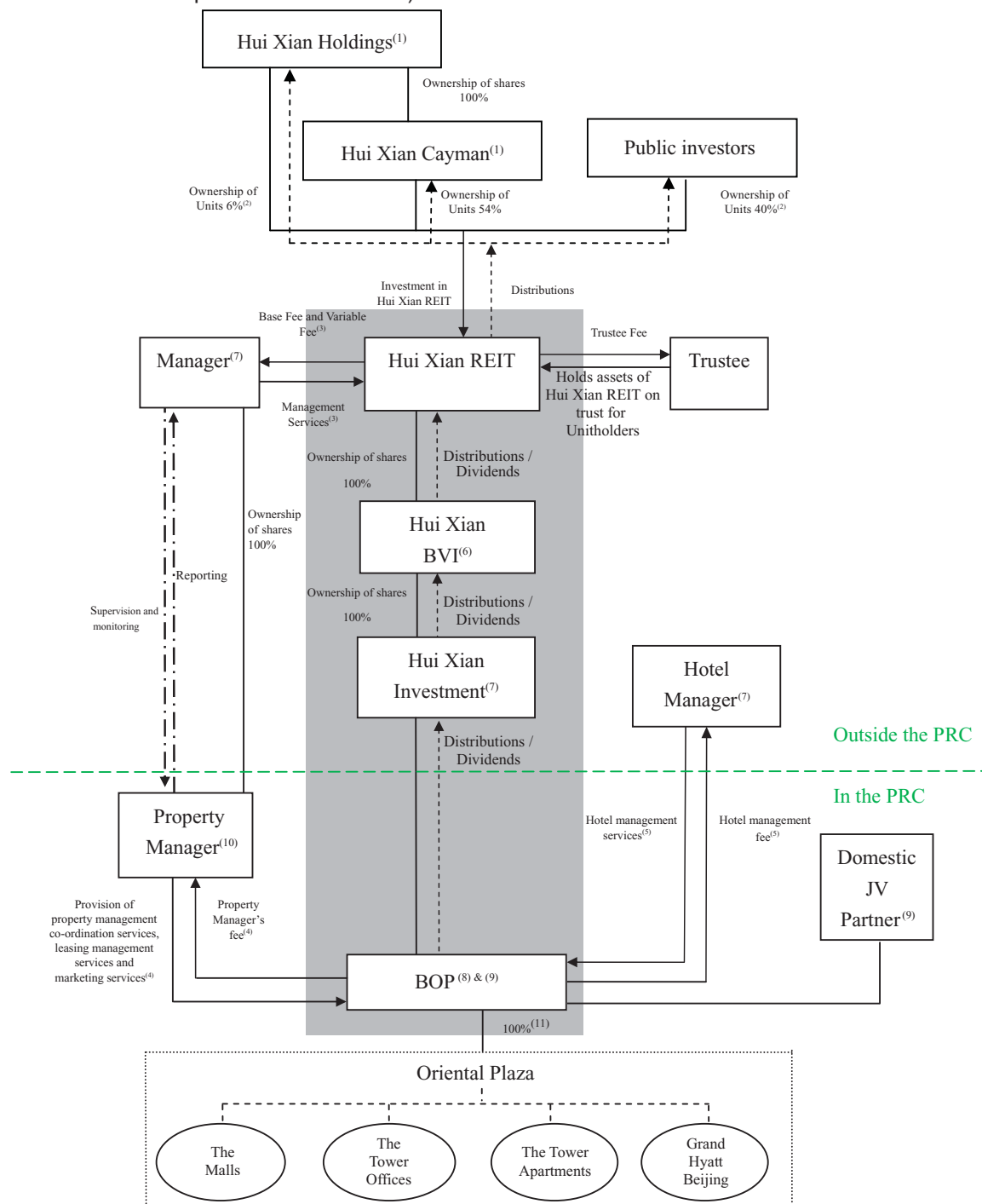
Subscription by Hui Xian Holdings

On 8 April 2011, Hui Xian Holdings entered into a subscription agreement with the Manager pursuant to which it has agreed to subscribe at the Offer Price for 300,000,000 Units, representing 6.0% of the Units following completion of the Hui Xian Holdings Subscription and the Offering.

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Ownership Structure and Primary Contractual Relationships

The following diagram depicts the ownership structure of Hui Xian REIT and the primary structural and contractual relationships between, among others, Hui Xian REIT, the 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).



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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.

Control over the Management of BOP and Title to Oriental Plaza

BOP is a Sino-foreign co-operative joint venture company established in the PRC in January 1999 by Hui Xian Investment (as the foreign joint venture partner) and the Domestic JV Partner.

Pursuant to the JV Documents, BOP was established for a finite term of 50 years (expiring in 2049) for the sole purpose of holding the land use rights and building ownership rights in Oriental Plaza which have a remaining term of about 38 years and operating Oriental Plaza. It is the understanding of Hui Xian Investment that using a Sino-foreign co-operative joint venture structure and partnering with a PRC domestic party was probably the only viable and practical option to acquire the land use rights and building ownership rights at the time of the establishment of BOP, taking the size and strategic location of Oriental Plaza into consideration. It was not within the control of Hui Xian Investment to dictate, at the time when BOP was established, that a wholly-foreign owned enterprise could obtain the land use rights and building ownership rights. The Manager also believes that it would be very difficult, and certainly not within the control of Hui Xian Investment, for the holding structure of BOP or Oriental Plaza to be changed to a wholly-foreign owned structure.

After the Completion, Hui Xian REIT will directly or indirectly hold a number of layers of Special Purpose Vehicles, including Hui Xian Investment and BOP. Hui Xian REIT will indirectly own the entire issued share capital of Hui Xian Investment but it will not have any interest in the Domestic JV Partner.

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Pursuant to the JV Documents, the Domestic JV Partner is entitled to receive the Relevant Amount from BOP. Hui Xian Investment has contributed to the registered capital of BOP (being US\$600 million) in full. The Domestic JV Partner has received in full the Relevant Amount. Accordingly, Hui Xian Investment is entitled to all profit distributions of BOP for the remainder of the term of BOP, and the Domestic JV Partner no longer has any entitlement to receive distribution from or has any financial interest in BOP except after the expiry or early termination of the joint venture period. When BOP's joint venture term expires in 2049 (unless extended), after the discharge of the liabilities of BOP and the liquidation of BOP, and after the repatriation to Hui Xian Investment of Hui Xian Investment's original capital investment, the fixed assets of BOP (including Oriental Plaza) will pass to and belong to the Domestic JV Partner for no consideration and that any remaining assets (other than the fixed assets) of BOP will be distributed between Hui Xian Investment (as to 60.0%) and the Domestic JV Partner (as to 40.0%). The registered capital injected by Hui Xian Investment to BOP amounted to US\$600 million. Accordingly, until after the expiry or early termination of the joint venture term of BOP when the fixed assets and the remaining assets will be distributed, the Domestic JV Partner has no entitlement to receive any financial benefits from BOP. As at 28 February 2011, the total amount owed by BOP to Hui Xian Investment is RMB1,655 million.

As advised by Commerce and Finance Law Offices, the PRC legal advisers to the Manager, Hui Xian Investment has control over the management of BOP. First of all, Hui Xian Investment is entitled to nominate 9 out of 12 directors to the board of BOP. Secondly, the day-to-day operations of BOP vest entirely with Hui Xian Investment. Pursuant to the JV Documents, the Domestic JV Partner is obliged to assist Hui Xian Investment in the business and operation of BOP (see the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT — JV Documents — Initial roles" for further details) and it has undertaken to actively support all resolutions proposed for decision at the board of BOP, so as to enable the business of BOP to be implemented and developed smoothly, so long as the legal existence of BOP and the ownership by the Domestic JV Partner of the fixed assets of BOP after the expiry of the joint venture term and the right of the Domestic JV Partner to receive the distribution of the remaining assets of BOP after the expiry of the joint venture term are not jeopardised. Furthermore, pursuant to the JV Documents, the directors as nominated by Domestic JV Partner is regarded as agreeing to any board resolutions passed at a board meeting of BOP if such directors are absent from, and they fail to appoint a representative to attend, such meeting, so long as BOP has duly performed its obligation of meeting notification.

There are only a few specified important matters of BOP for which unanimous approval of directors of BOP present at a meeting is required. Those matters include: (i) amendments of the articles of association, (ii) increase, reduction or transfer of registered capital, (iii) termination or dissolution, (iv) mortgage of assets, (v) merger, demerger or change in organisation structure, (vi) matters involving the right to use the properties of BOP (including Oriental Plaza) and other fixed assets ancillary to it beyond the expiration of the joint venture term in 2049, and (vii) dealings with the ownership rights of the properties of BOP (including Oriental Plaza) and other fixed assets ancillary to it. The Manager understands that those matters are stipulated under PRC law, except for items (vi) and (vii) above. The Manager does not believe that the unanimous approval requirement of those matters would materially adversely affect Hui Xian REIT's control over the day-to-day operations of BOP or the divestment of Hui Xian REIT's indirect investment in Oriental Plaza as such divestment can take the form of sale of Hui Xian REIT's interest in Hui Xian BVI or Hui Xian Investment, as to which the PRC legal advisers to the Manager have advised the Manager that a change in the shareholding of Hui Xian BVI or a change in the shareholding of Hui Xian Investment, and thus the sale of such interest in Hui Xian BVI or Hui Xian Investment, does not require the consent of the Domestic JV Partner or the approval of any PRC authorities or the consent of any other third parties pursuant to any existing contracts entered into by BOP. The PRC legal advisers to the Manager have also advised the Manager that no such consent or approval is required in respect of the listing of the Units.

Given the entitlement of Hui Xian Investment to all the profit distributions for the remainder of BOP's joint venture term, its directors nomination right and the control that Hui Xian Investment can exert over the day-to-day operations of BOP, the Manager considers that Hui Xian REIT will through

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Hui Xian Investment have majority ownership and control over BOP and that BOP, in substance, can be considered as a Special Purpose Vehicle as contemplated under Rule 7.5 of the REIT Code.

The Manager is advised by Commerce and Finance Law Offices, its PRC legal advisers, that the JV Documents are legal, valid, binding and enforceable.

The Manager is also advised by its PRC legal advisers that BOP is the sole owner of the land use rights and building ownership rights of Oriental Plaza, and that such rights are free from encumbrances other than the existing mortgages and tenancies. As Hui Xian REIT, through Hui Xian Investment, has majority ownership and control over BOP, the requirements under Rule 7.7 of the REIT Code relating to property title are regarded as complied with.

The land use rights and building ownership rights in Oriental Plaza have a remaining term of about 38 years until 2049. The valuation of Oriental Plaza is prepared by the Independent Property Valuer on the basis of capitalisation of the net income generated or to be generated from the tenancies and the operation of Grand Hyatt Beijing for the remaining term of the land use rights and building rights. The length of such remaining term has thus been taken into account in the valuation and substantial value is attached to Oriental Plaza by the Independent Property Valuer. As the Manager understands, in preparing the valuation report, the Independent Property Valuer has not attached a substantial discount to the valuation of Oriental Plaza, solely due to the fact that BOP is a Sino-foreign cooperative joint venture.

The factual information and legal status of BOP, Oriental Plaza and the JV Documents set out in this section above is confirmed by the legal opinion of Commerce and Finance Law Offices, the Manager's PRC legal advisers.

See the section headed "Material Contracts and Other Documents Relating to Hui Xian REIT — JV Documents" in this Offering Circular for further details.

Certain Salient Information about BOP as a Sino-foreign Cooperative Joint Venture

Legal Form of BOP and Title in respect of Oriental Plaza

Oriental Plaza is held by BOP, a cooperative joint venture enterprise established in the PRC in 1999 with Hui Xian Investment as the foreign investor and the Domestic JV Partner as the domestic investor (see the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT — JV Documents" in this Offering Circular). The joint venture period of BOP is 50 years from 25 January 1999 to 24 January 2049 and the remaining term is approximately 38 years. BOP was granted the Land Use Rights Certificate in respect of the piece of land on which Oriental Plaza is situated by the People's Government of Beijing Municipality (北京市人民政府) for the period from 22 April 1999 to 21 April 2049 and the Building Ownership Certificate in respect of the buildings of Oriental Plaza by the Beijing Municipal Commission of Construction (北京市建設委員會), the predecessor of Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會).

Upon the expiry of the joint venture period of BOP on 24 January 2049, Hui Xian Investment (and thus Hui Xian REIT) will cease to have any direct or indirect interest in Oriental Plaza or income generated from it. As such, unless Hui Xian REIT acquires and holds other real estate investment that generates recurrent rental income before the expiration of the joint venture period of BOP, the value of the Hui Xian REIT's real estate investment will be diminishing over time and will have zero value at the end of the joint venture period in January 2049. For details, see the section headed "Risk Factors — 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." in this Offering Circular.

Pursuant to the JV Documents, the Domestic JV Partner is entitled to receive the Relevant Amount and Hui Xian Investment shall contribute to the registered capital of BOP. The Domestic JV Partner

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has received the Relevant Amount in full and Hui Xian Investment has contributed to the registered capital of BOP in full. Accordingly, Hui Xian Investment is entitled to all profit distributions of BOP for the remainder of the term of BOP.

Hui Xian Investment is entitled to nominate nine out of 12 directors to the board of BOP and the day-to-day operations of BOP vest entirely with Hui Xian Investment.

For further information regarding the entitlements to profit distributions of BOP, see the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — JV Documents — Profit distributions” and for further information regarding the management control over BOP and BOP’s title to Oriental Plaza, see the section headed “Reorganisation, Structure and Organisation — Control over the Management of BOP and Title to Oriental Plaza”.

Termination of the Joint Venture Period of BOP

(i) Grounds of termination

The joint venture period of BOP:

- (a) will expire on 24 January 2049 at the end of the joint venture period as stated in the JV Documents (unless extended but potential investors should assume there will not be any extension (see the risk factor under the section headed “Risk Factors — 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”)); or
- (b) will terminate prior to the expiration of the joint venture period as a result of (i) force majeure or difficulty in carrying out the terms of the JV Documents, or BOP suffers from years of losses and with the unanimous approval of the board of directors of BOP and upon the approval of the relevant PRC approving authority, (ii) upon the approval of the relevant PRC approving authority on the application by the non-defaulting party on the ground of non-performance or serious breach by Hui Xian Investment or the Domestic JV Partner (as the case may be) of its obligations under the JV Documents resulting in BOP being unable to continue to operate or the operating purpose provided under the JV Documents cannot be achieved; or (iii) the unanimous approval of the dissolution of BOP by the directors present at a meeting of the board of directors of BOP and with the approval of the relevant PRC approving authority. To the knowledge of the Manager, as at the Latest Practicable Date, there was no non-compliance or breach by Hui Xian Investment or the Domestic JV Partner of their respective obligations under the JV Documents which will entitle the Domestic JV Partner or Hui Xian Investment, as applicable, to apply for an early termination of the joint venture period of BOP.

(ii) Asset distribution upon termination

Depending on the circumstances upon which the joint venture period of BOP is terminated, the assets of BOP to be distributed to Hui Xian Investment and the Domestic JV Partner upon early termination and upon expiry of the joint venture period may be different.

Under the JV Documents and relevant PRC laws and regulations, after the discharge of liabilities of BOP (including the repayment of shareholder’s loan owing by BOP) and the liquidation of BOP, the remaining assets of BOP will be distributed as mentioned below:

(a) *Expiration of the joint venture period*

Upon the expiration of the joint venture period of BOP, the capital injected into BOP by Hui Xian Investment (to the extent not already repatriated to it) will be repatriated to Hui Xian Investment out of the assets of BOP (including its fixed assets). The registered capital

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injected by Hui Xian Investment to BOP amounted to US\$600 million. Up to the Latest Practicable Date, there had been no repatriation of the registered capital injected to BOP by Hui Xian Investment. After such repatriation of injected capital to Hui Xian Investment, the fixed assets of BOP (including Oriental Plaza) will pass to and belong to the Domestic JV Partner for no consideration. After that, any remaining assets of BOP will be distributed between Hui Xian Investment (as to 60.0%) and the Domestic JV Partner (as to 40.0%). If the assets (other than fixed assets) of BOP are insufficient for the repatriation of Hui Xian Investment's injected capital, part of BOP's fixed assets will be realised and the proceeds thereof will be used to pay Hui Xian Investment for the shortfall.

- (b) *Early termination on the ground of force majeure or difficulty in carrying out the terms of the JV Documents other than due to the default of any joint venture party*

Upon the termination of the joint venture period of BOP prior to the expiry of the joint venture period as a result of force majeure or difficulty in carrying out the terms of the JV Documents, other than due to the default of Hui Xian Investment or the Domestic JV Partner, Hui Xian Investment will be entitled to receive repatriation of the capital injected by it to BOP (to the extent not already repatriated to it) plus a return on the amount of the capital injected by Hui Xian Investment giving an annual rate of return of, if the termination occurs within the first 15 years of the joint venture period, 16.5% or, if the termination occurs after the 15th anniversary of the joint venture period, 16.5% for the first 15 years of the joint venture period and 10.0% for the period after the first 15 years period. As the Domestic JV Partner had been paid the Relevant Amount in full, if the remaining assets of BOP are not sufficient for paying Hui Xian Investment the aforesaid amounts in full, all such remaining assets will belong to Hui Xian Investment; and if the assets of BOP are more than sufficient for paying the aforesaid amounts to Hui Xian Investment in full, the excess shall be distributed between Hui Xian Investment and the Domestic JV Partner in the proportions of 60.0% and 40.0% respectively.

- (c) *Early termination on the ground of the default of Hui Xian Investment*

Upon the termination of the joint venture period of BOP prior to the expiry of the joint venture period as a result of the default of Hui Xian Investment, Hui Xian Investment will be entitled to receive repatriation of the capital injected by it to BOP (to the extent not already repatriated to it). Since the Domestic JV Partner has already received the Relevant Amount in full, any assets (including any fixed assets) of BOP remaining after the repatriation of injected capital to Hui Xian Investment mentioned aforesaid will be distributed between Hui Xian Investment and the Domestic JV Partner in the proportions of 60.0% and 40.0% respectively; however, if Hui Xian Investment or BOP acts in a manner contrary to the terms of the JV Documents and the entitlement of the Domestic JV Partner to receive the fixed assets of BOP upon expiry of the joint venture period is jeopardised as a result thereof, Hui Xian Investment shall compensate the Domestic JV Partner.

- (d) *Early termination on the ground of default of the Domestic JV Partner*

Upon termination of the joint venture period of BOP prior to the expiry of the joint venture period as a result of the default of the Domestic JV Partner, all remaining assets (including any fixed assets) will belong to Hui Xian Investment which shall have the full right to dispose of such assets.

- (e) *By unanimous approval at a board meeting of BOP*

All remaining assets will be distributed in such manner as Hui Xian Investment and the Domestic JV Partner may agree and as approved by the relevant approving authority.

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For further details, see the sections headed “Material Agreements and Other Documents relating to Hui Xian REIT — JV Documents — Expiration of the joint venture period”, “Material Agreements and Other Documents relating to Hui Xian REIT — JV Documents — Early termination of the joint venture period” of, and the paragraph headed “PRC Laws Regarding Sino-foreign Cooperative Joint Ventures — Termination” in Appendix IX to, this Offering Circular.