

TAXATION

The following statements are by way of a general guide to investors only and do not constitute tax advice. Investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchase, holding, selling or otherwise disposing of the Units under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Investors should note that the following statements are based on advice received by the Manager regarding taxation law, regulation and practice in force as at the date of this Offering Circular may be subject to change.

PRC TAXATION OF HUI XIAN INVESTMENT AND BOP

Income Tax

According to the Income Tax Law of The People's Republic of China for Foreign Invested Enterprises and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法) which was promulgated by the People's National Congress on 9 April 1991 and implemented on 1 July 1991 and its detailed rules promulgated by the State Council on 30 June 1991, the income tax on enterprises with foreign investment should be computed on their taxable income at the rate of 30.0%, and local income tax should be computed on their taxable income at the rate of 3.0%.

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and its implementation rules that became effective on 1 January 2008, a uniform income tax rate of 25.0% should be applied to foreign invested enterprises as well as PRC domestic enterprises, and dividends earned after 1 January 2008 paid by PRC foreign invested enterprises to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25.0% or more interest in the PRC enterprise, such tax rate may be lowered to 5.0%, subject to approvals by relevant PRC tax authorities. However, according to a circular issued by the PRC State Administration of Taxation in October 2009, tax treaty benefits will be denied to "conduit companies" or shell companies without business substance. In respect of the dividend in an amount of RMB50 million declared by BOP to Hui Xian Investment on 20 January 2011, Hui Xian Investment enjoys the preferential treatment at the reduced rate of 5.0% as approved by the relevant tax authorities in the PRC.

Business Tax

Business tax is payable in respect of certain business activities in China as set out in the Provisional Regulations Concerning Business Tax (中華人民共和國營業稅暫行條例), which was promulgated on 13 December 1993 and amended on 10 November 2008. The activities to which the business tax applies include construction, leases and sales of real estate properties in China. The tax is a turnover tax charged on gross revenue. No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for property sale and leasing transactions is 5.0% of the proceeds from the sale or leasing of real estate/immovable properties in China.

Real Estate Tax

Under the Tentative Regulations of the People's Republic of China on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011, real estate tax is charged at the rate of 1.2% if it is calculated on the basis of the residual value of a building which is the original value of a building minus certain percentage ranging from 10.0% to 30.0%, and at the rate of 12.0% if it is calculated on the basis of the rental.

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On 21 December 2010, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on the Policies regarding Urban and Town Land Use Tax Imposed on Entities Employing the Disabled (關於安置殘疾人就業單位城鎮土地使用稅等政策的通知), under which, if the real estate tax of a building is calculated on the basis of its residual value, the value of such building should cover its land premium, including the purchase price paid for the land use rights and cost and expenses for land development, and if the floor area ratio for a parcel of land is less than 0.5, the land premium should be calculated on the basis of a site area which is two times the gross floor area of the building.

Urban and Town Land Use Tax

Pursuant to the Tentative Regulations of the People's Republic of China on Land Use Tax in respect of Urban and Town Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10 per square metre. The Tentative Regulations of the People's Republic of China on Land Use Tax in respect of Urban and Town Land were revised by the State Council respectively on 31 December 2006 and on 8 January 2011. As at 1 January 2007, the annual tax on every square metre of urban land shall be between RMB0.6 and RMB30.

Stamp Duty

Under the Tentative Regulations of the People's Republic of China on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and land use rights certificates, the stamp duty is levied on an item-by-item basis of RMB5 per item; for building leases, the duty rate is 0.1% of the rental; and for supply and purchase instruments, the duty rate is 0.03% of the amount stated therein.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the territory of mainland China. These taxable transfers include grant of state-owned land use rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. Deed tax rate is from 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions. In accordance with the Administrative Measures on Deed Tax of Beijing (北京市契稅管理規定) issued by the Municipal Government of Beijing on 13 July 1997 as amended on 27 June 2002, the deed tax rate is 3.0% within Beijing.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to LAT at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sales of commercial properties.

Municipal Maintenance Tax and Education Surcharge

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax, value-added tax or business tax which has been paid by such taxpayer. Under the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice Issued by the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (關於教育費附加徵收問題的補充通知) issued by the State Council on 12 October 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育附加的通知), and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-invested Freightage Enterprises (關於外商投資貨物運輸企業免徵收城市維護建設稅和教育附加問題的批復) issued by the State Administration of Taxation on 22 February 1994 and on 14 September 2005 respectively, neither the municipal maintenance tax nor the education surcharge shall be applicable to foreign-invested enterprises until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises, Foreign-Invested Enterprises and Individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) as issued by the State Council on 18 October 2010, both the municipal maintenance tax and education surcharge became applicable to foreign-invested enterprise as at 1 December 2010.

HONG KONG TAXATION OF HUI XIAN REIT AND HUI XIAN INVESTMENT

Profits Tax

Hui Xian REIT, as a collective investment scheme constituted as a unit trust and authorised under Section 104 of the SFO, is exempt from Hong Kong profits tax. Distributions made by Hui Xian REIT to the Unitholders are not subject to any withholding tax in Hong Kong.

Hui Xian Investment, as an investment holding company incorporated in Hong Kong, will be subject to Hong Kong profits tax in respect of profits (other than capital gains) arising in or derived from Hong Kong at the current rate of 16.5% if it is regarded as carrying on a trade, profession or business in Hong Kong. Dividend income derived by Hui Xian Investment from BOP will not be subject to Hong Kong profits tax.

Property Tax

As Hui Xian Investment does not hold any real property in Hong Kong, the income derived by Hui Xian Investment is not subject to Hong Kong property tax.

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Stamp Duty

No Hong Kong stamp duty is payable by Hui Xian REIT on the issue of new Units. Subsequent dealings in Units will be subject to Hong Kong stamp duty. Stamp duty is payable in Hong Kong dollars and as the dealing in the Units on the Hong Kong Stock Exchange will be carried out in RMB, the amount of stamp duty payable on every purchase and every sale of the Units will be calculated based on the exchange rate as determined by the Hong Kong Monetary Authority which will be published on the HKEx's website by 11:00 a.m. or earlier on each trading day.

BVI TAXATION OF HUI XIAN BVI

Companies incorporated or registered under the BVI Business Companies Act (2004) are currently exempt from income and corporate tax. In addition, the BVI currently does not levy capital gains tax on companies incorporated or registered under the BVI Business Companies Act (2004). There is no BVI withholding tax imposed on dividend distribution by Hui Xian BVI to Hui Xian REIT.

HONG KONG TAXATION OF THE UNITHOLDERS**Profits Tax**

Under the Inland Revenue Department's current practice, Hong Kong profits tax will generally not be payable by any Unitholder on the distributions made by Hui Xian REIT. The Unitholders should take advice from their own professional advisers as to their particular tax position.

Hong Kong profits tax will not be payable by any Unitholder (other than an Unitholder carrying on a trade, profession or business in Hong Kong and holding the Units for trading purposes) on any capital gains made on the sale or other disposal of the Units.

Stamp Duty

No Hong Kong stamp duty is payable by the Unitholders in relation to the issue of the Units to them by Hui Xian REIT.

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Units, whether or not the purchase or sale is on or off the Hong Kong Stock Exchange. The duty is currently charged at the rate of 0.2% of the higher of the consideration paid or the value of the Units transferred (the buyer and seller each being liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of the Units. Stamp duty is payable in Hong Kong dollars, and as dealings in the Units on the Hong Kong Stock Exchange will be carried out in RMB, the amount of stamp duty payable on every purchase and every sale of the Units will be calculated based on the exchange rate as determined by the Hong Kong Monetary Authority which will be published on the HKEx's website by 11:00 a.m. or earlier on each trading day.